

City of Alexandria, Louisiana Financial Report

April 30, 2005

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-7-05

City of Alexandria, Louisiana
April 30, 2005

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

The Honorable Mayor and City Council
City of Alexandria, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Alexandria, Louisiana, as of and for the year ended April 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Alexandria's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria, Louisiana, as of April 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 13, 2005, on our consideration of the internal control over financial reporting of the City of Alexandria, Louisiana, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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PAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor and City Council
City of Alexandria, Louisiana

The management's discussion and analysis and budgetary comparison information presented on pages 3 through 17 and 69 through 71 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Alexandria, Louisiana's basic financial statements. The accompanying financial information listed as "Supplemental Information" in the table of contents, including the schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the summary of utility service customers and the listing of insurance in force marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Payne, Moore & Herrington, LLP
Certified Public Accountants

September 13, 2005

**Required Supplemental Information –
Part I**

Management's Discussion And Analysis

**City Of Alexandria, Louisiana
Management's Discussion And Analysis
Year Ended April 30, 2005**

Our discussion and analysis of the City of Alexandria's financial performance provide an overview of the City's financial activities for the fiscal year ended April 30, 2005. Please read it in conjunction with the City's financial statements, which begin on page 18.

Financial Highlights

- The City's assets exceeded liabilities by \$233.5 million. Of this total, \$1.2 million in net assets are unrestricted, and may be used to meet future obligations of the City's creditors.
- The City's net assets increased by \$9 million during the 2005 Fiscal Year. This is the net result of a decrease of \$4.9 million in net assets from governmental activities offset by an increase of \$13.9 million in net assets from business activities.
- As of April 30, 2005, the City's governmental activities report a decrease of \$4.9 million in net assets from the prior year. However, the deficit in unrestricted net assets decreased by \$1.6 million.
- Unrestricted fund balance in the General Fund is \$11 million, which amounts to approximately 31.6% of the expenditures of the General Fund in Fiscal 2005.
- The City's general long-term debt decreased by \$1.9 million, due primarily to scheduled payments on bonds.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 20 and 21) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 23. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting On The City As A Whole

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

**City Of Alexandria, Louisiana
Management's Discussion And Analysis
Year Ended April 30, 2005**

In the Statement of Net Assets and the Statement of Activities we divide the City into three kinds of activities:

- **Governmental activities** - Most of the City's basic services are reported here, including the police, fire, public works and parks departments, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- **Business-type activities** - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's utilities, sanitation and transit are reported here.
- **Component units** - The City includes two separate legal entities, the City Court and City Marshal. Although legally separate, these "component units" are important because the City is financially accountable for them. These component units present separately issued audit reports that may be obtained from their administrative offices located at 515 Washington Street, Alexandria, Louisiana.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 23 and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- ***Governmental funds*** - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation following these fund financial statements.
- ***Proprietary funds*** - When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities, such as the City's Risk Management.

**City Of Alexandria, Louisiana
Management's Discussion And Analysis
Year Ended April 30, 2005**

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or *fiduciary*, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 32 and 33. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government Wide Financial Analysis

The following table reflects a condensed version of the Statement of Net Assets displaying 2004 and 2005:

**Condensed Statement of Net Assets (In Millions)
April 30, 2004 and April 30, 2005**

	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
	<u>Governmental</u>		<u>Business</u>		<u>Total</u>	
Assets						
Current & Other Assets	54.1	53.7	9.9	16.0	64.0	69.7
Restricted Assets	0	0	37.0	32.1	37.0	32.1
Capital Assets	141.1	133.8	103.1	112.5	244.2	246.3
Total Assets	195.2	187.5	150.0	160.6	345.2	348.1
Liabilities						
Current Liabilities	6.5	8.4	4.2	9.0	10.7	17.4
Long Term Liabilities	47.9	43.2	62.1	54.0	110.0	97.2
Total Liabilities	54.4	51.6	66.3	63.0	120.7	114.6
Net Assets						
Invested in Capital Assets (Net)	130.4	120.9	59.6	72.0	190.0	192.9
Restricted	18.5	21.5	12.6	17.9	31.1	39.4
Unrestricted	-8.1	-6.6	11.5	7.8	3.4	1.2
Total Net Assets	140.8	135.8	83.7	97.7	224.5	233.5

**City Of Alexandria, Louisiana
Management's Discussion And Analysis
Year Ended April 30, 2005
City Of Alexandria, Louisiana
Management's Discussion And Analysis
Year Ended April 30, 2005**

As of April 30, 2005, the City's net assets total \$233.5 million, showing an increase of about 4% over the 2004 total of \$224.5 million. Roughly 82% of the City's total net assets reside in the Capital Assets category. These are land, buildings, infrastructure, equipment and other items required for the City to furnish its goods and services to citizens on the governmental side of operations and customers on the business side of operations. These assets are not available for appropriation (spending), as they are not intended to be sold. Restricted net assets account for \$39.4 million, or 17%, of the total. Restrictions are placed by entities outside the City government, such as bondholders. These assets are also not available for appropriation. The remaining \$1.2 million, or .5%, of net assets is unrestricted and is available for appropriation. Governmental Activities is showing a negative \$6.6 million in unrestricted net assets due to the liability for Police and Fire pension mergers with the State's system that are on a "pay as you go" basis, i.e., assets are not fully set aside to pay the liability.

The following table is a condensed version of the Statement of Activities displaying 2004 and 2005:

**City Of Alexandria, Louisiana
Management's Discussion And Analysis
Year Ended April 30, 2005**

**Condensed Statement of Activities (In Millions)
April 30, 2004 and April 30, 2005**

	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
	<u>Governmental</u>		<u>Business</u>		<u>Total</u>	
Revenues						
Program Revenues:						
Charges for Services, Fines, Fees	4.1	4.0	78.3	86.7	82.4	90.7
Grants & Contributions	7.8	6.9	1.0	1.0	8.8	7.9
General Revenues:						
Sales Taxes	27.9	30.2			27.9	30.2
Other Taxes	5.9	5.8			5.9	5.8
Other	-0.1	1.7	0.4	0.3	0.3	2.0
Total Revenues	45.6	48.6	79.7	88.0	125.3	136.6
Expenses						
General government	9.2	9.1			9.2	9.1
Public safety	18.8	20.1			18.8	20.1
Public works	14.4	13.3			14.4	13.3
Community and economic development	0.8	1.1			0.8	1.1
Interest on long-term debt	1.9	2.4	2.0	2.4	3.9	4.8
Electricity			44.8	43.5	44.8	43.5
Gas			13.6	15.5	13.6	15.5
Water			5.3	4.9	5.3	4.9
Wastewater			6.2	6.1	6.2	6.1
Transit			2.4	2.3	2.4	2.3
Sanitation			3.3	3.3	3.3	3.3
Zoological Park				1.5		1.5
Golf Course				1.1		1.1
Total Expenses	45.1	46.0	77.6	80.6	122.7	126.6
Change in Net Assets before Transfers	0.5	2.6	2.1	7.4	2.6	10.0
Transfers	7.3	-6.6	-7.3	6.6	0.0	0.0
Prior Period Adjustment		-1.0				-1.0
Increase (Decrease) In Net Assets	7.8	-5.0	-5.2	14.0	2.6	9.0

City Of Alexandria, Louisiana
Management's Discussion And Analysis
Year Ended April 30, 2005

The City's total revenues were \$136.6 million and total expenses were \$126.6 million for Fiscal 2005. This results in an increase of net assets before transfers of \$10 million. This can be broken down first by governmental and business activities, then broken down further at the fund level.

Governmental Activities actually decreased by \$5.0 million for Fiscal 2005. The greatest change here can be seen by looking at the transfers for 2005 and 2004. Normally, transfers net in favor of governmental activities, i.e., governmental activities are receiving the net transfer. In 2005, the opposite is true. This is because the City elected to place two activities (Zoo and Golf Course) that had been in the General Fund into separate Enterprise funds. This caused the movement of \$11 million in net assets from governmental side to the business side, resulting in the inversion of Transfers. Major changes in revenues include Charges for Services of \$.9 million, virtually all of which is Golf Course and Zoo revenues that were in governmental activities in 2004 and are in business activities in 2005. Sales Taxes have the greatest increase for revenues at \$2.3 million. Of this increase, \$.4 million is from the new 2005 Sales Tax passed by the voters of Alexandria with 1 month's collections falling into Fiscal 2005. The expenditure of this new revenue will be seen in increased salaries and benefits in Fiscal 2006. Expenditures in the governmental activities net out to a slight increase of \$.9 million over Fiscal 2004.

Business-type Activities net assets increased \$14 million for Fiscal 2005. Here we see the receipt of the transfer of the Zoo and Golf Course accounting for most of the change. Major changes in revenues for the year include \$8.4 million increase in charges for services. The charges for services increase is due to a couple of factors; Zoo and Golf Course revenues amount to \$.9 million for 2005 and increased charges for services in the Utilities System Fund, most of which is electric fuel cost recovery. Fuel cost is merely a "pass through" to the City as the customers are charged based on what the City paid for it. Expenses are up \$3 million, \$2.6 million of which is the Zoo and Golf Course with the other categories being close to the same as in 2004.

Individual Fund Analysis

We will briefly analyze the activity and fund balances of the major funds of the Governmental Funds category and the Business (Proprietary) Funds category, beginning with the General Fund.

Governmental Funds

General Fund

The General Fund ended Fiscal 2005 with an increase in Unreserved Fund Balance of nearly \$3 million. In short, the General Fund took in more than it spent by this amount. There was a reduction in Unrestricted Fund Balance for Fiscal 2005 of \$2.9 million. In order to see the change, a comparison of revenues and expenditures of Fiscal 2004 and 2005 is needed.

Revenues and Transfers In increased by \$3.2 million over the previous year. The greatest influence here is the combined effects of the City and Parish Sales Taxes, accounting for \$2.4 million of the increase. Other increases include \$.3 million in Transfers from Utilities and \$.5 million in Licenses and Permits. Much of the Transfer from Utilities increase is due to the recovery of high energy cost by the Utilities System, of which General Fund gets 5%. That is likely to continue in Fiscal 2006 as we see record high energy costs. Sales taxes did very well in 2005, but could possibly level off if the local economy slows down slightly. The City began contracting with Rapides Parish for the collection of Occupational Licenses and Fees during Fiscal 2004. The full effect of that is seen in Fiscal 2005 as the Parish enforced fee collection on the City's behalf sometimes resulting in payments by payers for prior years' licenses. The increase is expected to level off somewhat in Fiscal 2006 as licensees become current with their payments. Charges for Services are down \$.9 million from 2004 due to the revenue from the Golf Course and the Zoo being recorded now in those respective funds.

**City Of Alexandria, Louisiana
Management's Discussion And Analysis
Year Ended April 30, 2005**

Expenditures and Transfers Out actually decreased by \$2 million when compared to the previous year. This is due to a variety of factors. The previously mentioned Golf Course and Zoo had full operating costs in 2004 in General Fund, in 2005 they just have deficit support, i.e., General Fund's contribution to their operation net of their revenues. The difference between 2004 gross operating cost and 2005 net deficit support is \$.7 million. The City made a significant change in policy for 2005 regarding Risk Management, electing to not purchase outside insurance for certain categories. This translated in a reduction of over \$1 million in General Fund's contribution to the City's Risk Management Fund. The General Fund also expended roughly \$.3 less on Capital Outlay (vehicles, equipment, etc.) in 2005 than in 2004.

General Fund Budgetary Highlights

The original budget of the General Fund reflects the City's plan and financial intent at the beginning of the fiscal year. This is routinely adjusted during the year to better reflect actual revenues available and actual expenditures incurred. The City does its most comprehensive adjustment at Major Budget Amendment (MBA). Revenues and Transfers In were adjusted resulting in a net increase of slightly more than \$1.6 million (4.76%). The largest single revenue category was Intergovernmental with increases exceeding \$500,000 from State and Federal grants along with the Parish Sales Tax. Transfer In was also a major factor, with increases for the City Sales Taxes and other sources totaling over \$400,000. The City originally budgeted \$1.8 million in use of fund balance. This was adjusted up by another \$1.9 million to cover estimated current expenditures in excess of estimated current revenues.

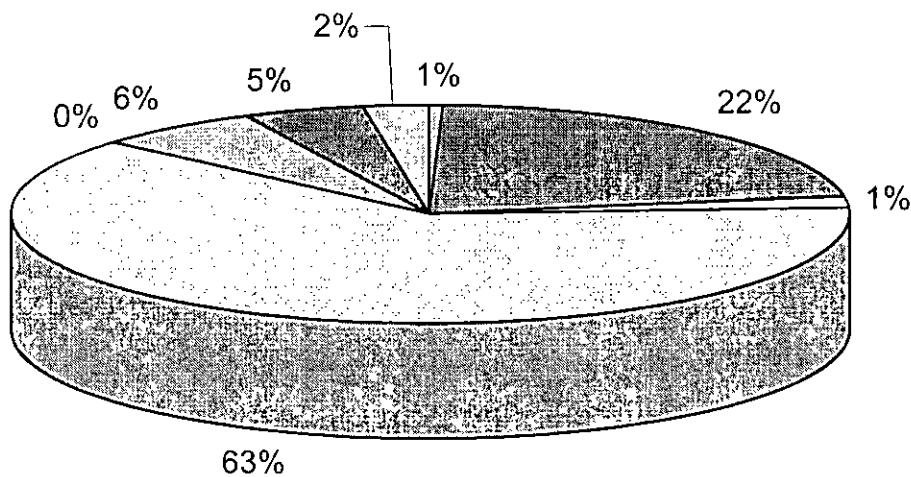
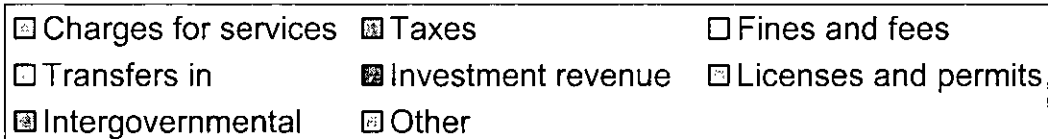
Budgeted Expenditures and Transfers Out were adjusted up during the year by \$3.5 million due to a variety of factors. During 2005, a raise of 5% was granted to employees, increasing budgeted expenditures by \$500,000. Overtime was adjusted up by over \$700,000 at MBA, along with Utilities for another \$300,000. Amendments were approved to add 6 Police Officers and 12 Firefighters that had been cut from the budget in previous years adding another \$.4 million. Vehicle maintenance and fuel accounts were increased by nearly \$160,000; Programming in Community Services was increased \$48,000; Professional Fees in Legal was increased \$60,000; Maintenance Right of Ways and Tree Trimming in Urban Forestry were increased \$49,000 and \$25,000 respectively; Transfer to Zoo was increased \$260,000; Maintenance Natatorium in Recreation was increased \$69,000; Machinery & Equipment in Police was increased \$410,000 for capital grants.

Fortunately, the City did not actually use any of the \$3.7 million in fund balance budgeted for Fiscal 2005. Actual revenues exceeded the budgeted revenues coincidentally by \$3.7 million, while actual expenditures were \$2.9 million less than budgeted expenditures. The greatest factor in the revenues being so much higher than budgeted is the combined sales taxes at \$2.6 million. Licenses and permits also came in above budget by about \$.5 million. The greatest factor in the expenditures coming in so much lower than budgeted is attrition; i.e., vacant employee positions during the year that were fully budgeted but had no employees to be paid from them. The combined salary and fringes for these vacancies translated to roughly \$1.3 million in reduced expenditures. Reductions in discretionary spending by City departments and capital outlay not ordered in time to be expended in 2005 make up the remainder of the difference in budgeted and actual expenditures.

**City Of Alexandria, Louisiana
Management's Discussion And Analysis
Year Ended April 30, 2005**

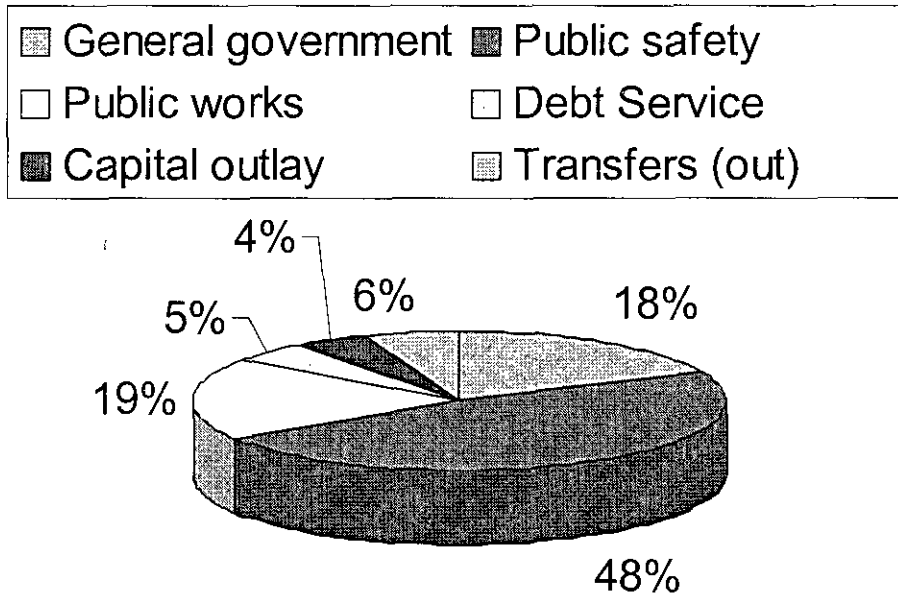
The following charts represent the actual sources and uses of General Fund monies for Fiscal 2005:

General Fund Sources



City Of Alexandria, Louisiana
Management's Discussion And Analysis
Year Ended April 30, 2005

General Fund Uses



City Sales Tax Fund

The City Sales Tax Fund showed an increase of \$1.8 million in revenues and \$1.6 million in expenditures over the previous year. This fund is a "flow through" of three sales taxes passed by the voters of the City. The City Sales Tax Fund receives the money from these sales taxes and transfers it to other funds. Half of the 1976 Sales Tax is transferred to the General Fund, while the remaining half is transferred to General Capital Projects Fund after Debt Service (payment on borrowing) is satisfied. The 1998 Sales Tax and the 2005 Sales Tax are transferred exclusively to the General Fund. The city sales taxes are a major source of revenue for the General Fund and the only perpetual source of revenue for the General Capital Projects Fund.

General Capital Projects Fund

Revenues and Transfers In are down roughly \$2.4 million in the General Capital Projects Fund as reported last year. As mentioned earlier, the only perpetual source of revenue for the General Capital Projects Fund is its share of the 1976 Sales Tax. However, it can receive substantial revenues from time to time from state, federal, and private sources to fund specific capital projects. Such was the case in Fiscal 2004 and 2005. The City received state and private grants in 2004 for two major projects; the Downtown Theater and I-49 Greenbelt totaling \$3.9 million. The City received \$2.3 million in grants in 2005 to complete the Downtown Theater and reimbursement from the State for its purchase of the Startech Building in the previous year for purposes of economic development. In the long run, the effects of these grants are neutral to the City financially because the revenues from the grant match expenditures incurred in getting the grant. Transfers In are down roughly \$9 million due to increased debt service on the new 2004 Sales Tax Bonds.

**City Of Alexandria, Louisiana
Management's Discussion And Analysis
Year Ended April 30, 2005**

Expenditures for Fiscal 2005 are \$9.5 million below Fiscal 2004. Of this, the Downtown Theater's expenditures account for \$4.5 million of the decrease, while the Startech Building purchased in Fiscal 2004 accounts for another \$3.5 million. Expenditures can vary greatly over two consecutive years in a capital projects fund depending on how far along individual large projects are. Once a project is designed and construction begins, funds can be expended in a relatively short time.

Overall fund balance increased \$1.8 million in 2005 when compared to 2004. Unreserved Fund Balance accounts for \$1.2 million of this as while Reserved for Encumbrances (projects under contract) accounts for the remaining \$.6 million.

General Capital Projects – 2004 Sales Tax Bonds

This is a new fund for the City. It is not perpetual as it is funded from the proceeds of a bond issued. As such, it has little revenue, but expenditures will grow as projects in it are done. Expenditures exceeded revenues in this fund by roughly \$3.6 million in Fiscal 2005, bringing the fund balance down to \$9.7 million. This is the nature of a bond issue capital projects fund. The money is borrowed for purposes of buying, building, or improving capital assets such as streets, parks, and drainage systems. The City will pay the bonds off over time, much like an individual pays off a home mortgage. As the cash is spent down for these purposes, this fund will no longer be a major fund and will cease to exist when the original proceeds are all spent.

Business Funds

Utilities System Fund

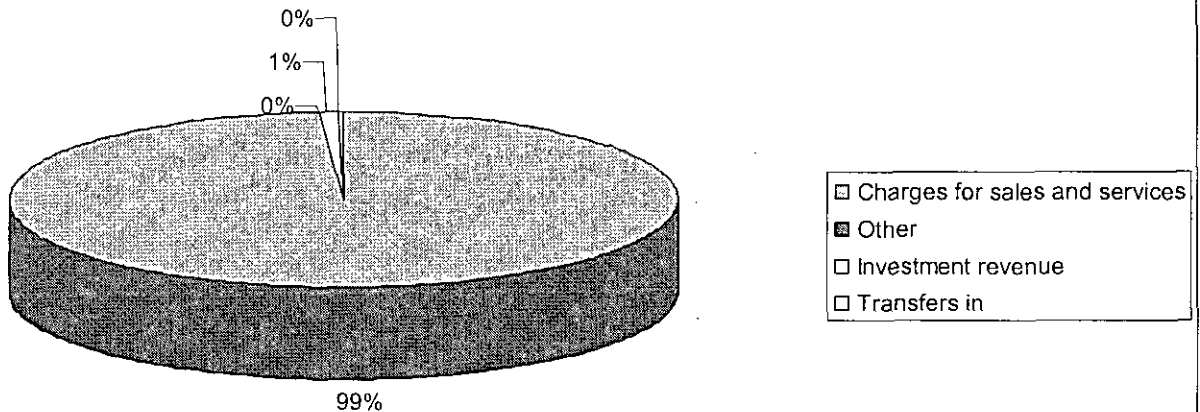
The Utilities System Fund is the largest of the City's proprietary funds, dwarfing the Sanitation Fund and Municipal Transit Fund, as well as the newly created Zoo Fund and Golf Course Fund. Revenues in the Utilities System are based on the sales of electricity, water, natural gas, and wastewater service to customers. These revenues, charges for services, are up \$7.6 million in 2005 over 2004. This is attributable to several factors in the different services. Electricity is up \$5.3 million, but this can be deceiving because of fuel cost recovery. The City does not benefit from fuel cost because that is simply the passing on of costs incurred by the City to its customers. That revenue account is up \$3.3 million dollars over fiscal 2004. Actual sales of electricity are up by \$2.0 million because of a relatively mild summer for central Louisiana in Fiscal 2004 in which electrical customers, particularly residential, did not have to use air conditioners as much as usual. Gas revenue is up about \$1.7 million from 2004, but this is also affected by fuel cost. The fuel cost recovery for gas is up \$.9 million from Fiscal 2004 while sales are \$.7 million due to a relatively mild winter reducing the demand for gas heat. Water and wastewater revenues are up \$.4 million reflecting slightly increased sales.

Expenses are substantially the same in total for the Utilities System Fund in 2005 as they were in 2004. This is attributable in part to the expense side of fuel cost being about the same for electricity and gas. Personnel costs rose by \$.9 million reflecting the raise given during Fiscal 2005 and the increased pension contribution. This is partially offset by decreases in areas such as maintenance and communications. Transfers Out are up \$1.4 million in 2005 compared to 2004. The largest factor here is the one time transfer of a building originally purchased for a Utility Customer Service Center to the General Fund for economic development purposes. Another building is being purchased for use as a Customer Service Center.

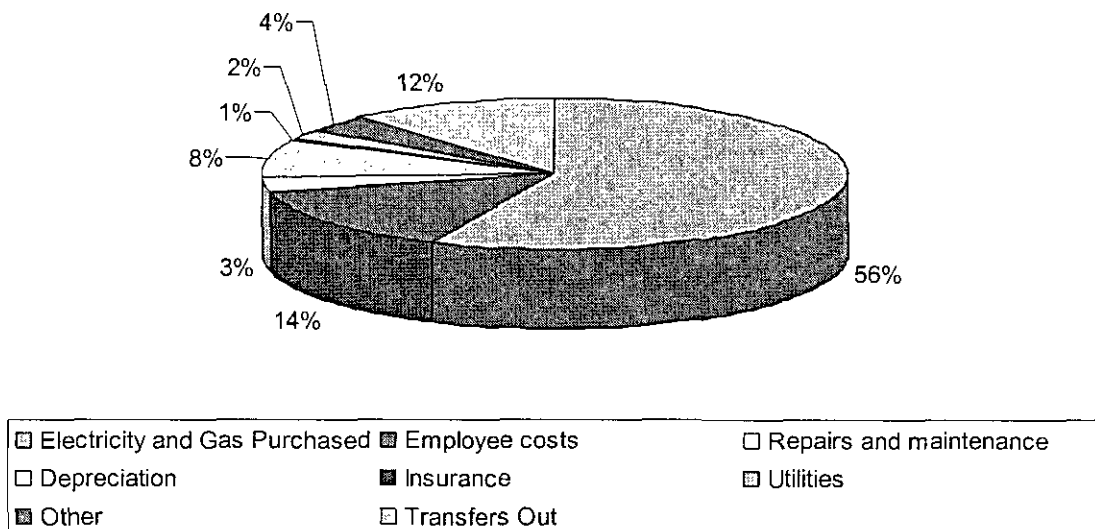
**City Of Alexandria, Louisiana
Management's Discussion And Analysis
Year Ended April 30, 2005**

The results of the above were a net gain to the Utilities System Fund of \$1.0 million for Fiscal 2005. This is reflected as an increase in total net assets.

Utilities System Revenues FY 2005



Utilities System Expenses FY 2005



**City Of Alexandria, Louisiana
Management's Discussion And Analysis
Year Ended April 30, 2005**

Capital Asset and Debt Administration

Capital Assets

Governmental Funds

The City had a net decrease of \$7.3 million in capital assets this year in governmental activities. These capital assets would include vehicles, equipment, as well as infrastructure, net of depreciation.

Business Type Funds

The Business-type funds showed a net increase of about \$9.4 million in capital assets this year. These would include vehicles and equipment as well as infrastructure assets. Infrastructure in the Utilities System consists of electrical substations, gas mains, wastewater lift stations, water tanks and other assets that enable the System to deliver service to its customers. These assets are listed net of depreciation. Depreciation is deducted from original cost to indicate the degree that the assets are "used up". Further information on Fixed Assets and Depreciation can be found in Note 6 of the financial statements.

Capital Assets (Net of Depreciation)

	<u>Governmental</u>		<u>Business</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Land	7,889,681	7,214,125	1,330,079	2,372,646
Construction in Progress	23,394,992	4,343,715	7,363,492	6,504,239
Buildings	59,701,507	71,471,280	903,327	17,217
Furniture & Fixtures	91,442	93,102	343,999	700,040
Equipment	3,936,913	3,217,192		
Vehicles	2,710,374	3,543,891	2,918,722	2,638,909
Infrastructure	43,390,396	43,908,965	90,279,387	100,294,809
 Net Capital Assets	 141,115,305	 133,792,270	 103,139,006	 112,527,860

In governmental activities, we see that Construction in Progress went down over \$19 million in 2005, reflecting the completion of some major projects in that area. Normally, this would be predominately infrastructure in nature, which for the City means street and drainage improvements. However, we see significant changes in other areas for 2005. The Downtown Theater and Johnny Downs Park were completed at a rough cost of \$8.6 million each and wells as the AUMP Greenbelt at \$2.7 million. These three projects account for most of the reduction in Construction in Progress and for the increase in Buildings. Three other items partially offset: the Golf Course and Zoological Park were transferred from Governmental Activities to Business Activities while the Business Incubator was transferred from Business

**City Of Alexandria, Louisiana
Management's Discussion And Analysis
Year Ended April 30, 2005**

Activities to Governmental Activities. Capital assets for the Golf Course and Zoo respectively were about \$8.9 million and \$2.5 million, while the Business Incubator offset them by about \$3 million. These three items caused fluctuations in Land, Buildings, and Infrastructure.

In business activities, we see some changes from 2004. As previously mentioned the Golf Course, Zoo and Business Incubator cause most of the changes in Land, Buildings and Infrastructure as the Business Activities receive a net increase in capital assets of over \$8 million.

Debt Administration

Governmental Funds

The City issued \$5,230,000 in General Obligation Bonds in 2005. This bond issue partially refinances the 1996 General Obligation Bonds at a better interest rate.

Enterprise Funds

The City issued no new debt in the Utilities System during 2005. The changes in debt balance merely reflect payments made on the principal. For further information on debt, please see Note 10 to the financial statements.

Bonded Long-Term Debt

	<u>Governmental</u>		<u>Business</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Sales Tax Revenue Bonds	18,485,000	17,030,000		
Ad Valorem Tax Bonds	5,510,000	5,535,000		
Certificates of Indebtedness	18,400,000	17,670,000	1,500,000	1,370,000
Utility Revenue Bonds			56,960,000	52,595,000
Total Outstanding Debt	42,395,000	40,235,000	58,460,000	53,965,000

**City Of Alexandria, Louisiana
Management's Discussion And Analysis
Year Ended April 30, 2005**

Future Outlook

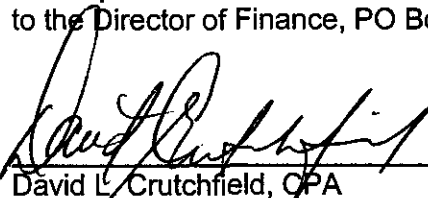
Looking into next year and beyond, there are some things to consider. General Fund is very labor intensive; over 60% of its 2005 cost was for employee salaries and benefits. Pension contributions by the City on behalf of employees rose by 25% in Fiscal 2005. The City contributes to 3 major systems, Municipal Police Employees' Retirement System, Municipal Firefighters' Employees Retirement System, and the City of Alexandria Employees' Retirement System (COAERS). Police and Fire affect only the General Fund, while COAERS affects all funds with employees, including Utilities System Fund. The General Fund and the Utilities System Fund have been deficit supporting the Employee Benefits Fund (health care) for three years. Beginning in Fiscal 2006, new rates have been established for employees and employer designed to eliminate the deficit support, although the cost burden is still mostly on the General Fund and Utilities System Fund in the form of increased fringe expense. The City will reconsider the rates after reviewing the Employee Benefits Funds performance. As noted earlier, sales taxes continue to rise providing a good revenue base for the General Fund and the General Capital Projects Fund. However, this revenue source is known for being potentially unstable as slight economic downtrends can affect it quickly. Sales taxes must therefore be monitored closely.

In business type activities, the Utilities System Fund shows net income for the first time in five years. Rate increases in Water and Wastewater were in effect for most of Fiscal 2004 but were in effect for all of Fiscal 2005. As noted previously, sales for electricity and gas were up contributing to the net income, and fuel cost recovery revenues were up significantly as the City was in the process of recovery money expended previously on fuel from the rate payers.

The City initiated a potentially great cost savings measure at the beginning of Fiscal 2005. The City chose to minimize its purchase of outside insurance coverage and to limit its own payment of claims. Louisiana Revised Statutes permit a local government to not pay claims in excess of its appropriations for them. The savings to the General Fund were estimated at over \$1 million and the savings to the Utilities System Fund were estimated at nearly \$.4 million. At the conclusion of Fiscal 2005, claims in the Risk Management Fund were only up significantly in one area, Workers Compensation, so the measure appears to be successful. Diligence will be required to ensure further success.

Contacting the Finance Division of the City

This report is intended as a brief overview of the City's financial condition. Any questions should be directed to the Director of Finance, PO Box 71, Alexandria, LA 71301.



David L. Crutchfield, CPA
Director of Finance
City of Alexandria, Louisiana

Basic Financial Statements

**Government-Wide
Financial Statements (GWFS)**

City of Alexandria
Alexandria, Louisiana
Statement of Net Assets
April 30, 2005

Exhibit A

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and cash equivalents	\$ 3,447,762	\$ 1,563,987	\$ 5,011,749	\$ 404,613
Investments	1,977,403	-	1,977,403	379,584
Equity in pooled cash and investments	39,524,938	1,289,436	40,814,374	-
Receivables	7,399,240	11,651,074	19,050,314	27,545
Internal balances	1,005,024	(1,005,024)	-	-
Inventories	209,660	1,782,794	1,992,454	-
Restricted equity in pooled cash and investments	-	32,077,711	32,077,711	-
Prepaid expenses/other assets	113,180	27,775	140,955	2,420
Deferred bond issue costs	-	760,605	760,605	-
Capital assets, net of depreciation				
Nondepreciable				
Land and improvements	7,214,126	2,372,646	9,586,772	-
Construction in progress	676,031	6,504,239	7,180,270	-
Infrastructure in progress	3,667,683	-	3,667,683	-
Depreciable				
Infrastructure	43,908,965	-	43,908,965	-
Other capital assets	78,325,465	103,650,975	181,976,440	84,490
Total Assets	187,469,477	160,676,218	348,145,695	898,652
Liabilities				
Bank overdraft	482,839	89,773	572,612	-
Equity in pooled cash overdraft	-	653,342	653,342	-
Accounts and contracts payable	1,211,193	2,668,275	3,879,468	3,526
Accrued interest	643,482	1,088,163	1,731,645	-
Salaries payable	568,314	372,573	940,887	5,549
Deferred revenues	6,302	-	6,302	-
Long-term liabilities				
Due within one year				
Bonds, capital leases and other	2,250,000	3,974,361	6,224,361	7,485
Compensated absences	369,710	207,096	576,806	-
Claims and judgments	2,805,052	-	2,805,052	-
Due in more than one year				
Bonds, capital leases and other	37,985,000	49,174,526	87,159,526	-
Customer guaranteed deposits	-	3,605,127	3,605,127	-
Compensated absences	2,095,025	1,173,545	3,268,570	-
Claims and judgments	3,227,000	-	3,227,000	-
Total Liabilities	51,643,917	63,006,781	114,650,698	16,560
Net Assets				
Invested in capital assets, net of related debt	120,891,482	71,972,236	192,863,718	-
Restricted for				
Capital projects	17,903,946	13,433,737	31,337,683	-
Debt service	2,581,693	3,503,641	6,085,334	-
Capital additions and contingencies	-	1,000,000	1,000,000	-
Community and economic development	623,791	-	623,791	-
Riverfront Center operations	378,722	-	378,722	-
Recreation	3,216	-	3,216	-
Unrestricted	(6,557,290)	7,759,823	1,202,533	882,092
Total Net Assets	\$ 135,825,560	\$ 97,669,437	\$ 233,494,997	\$ 882,092

The accompanying notes are an integral part of the financial statements.

City of Alexandria
Alexandria, Louisiana
Statement of Activities
For the Year Ended April 30, 2005

Exhibit B

Net (Expense) Revenue and Changes in Net Assets				Primary Government		Component Units
				Governmental Activities	Business-Type Activities	
				Total		
Functions/Programs						
Primary government						
Governmental activities						
General government						
Public safety	\$ 9,136,916	\$ 3,638,874	\$ -	\$ (5,500,042)	\$ (5,500,042)	\$ -
Public works	20,175,319	43,337	1,302,899	(18,828,283)	(18,828,283)	
Community and economic development	13,293,696	294,410	279,556	(9,934,285)	(9,934,285)	
Interest on long-term debt	1,084,578	12,452	1,472,091	1,506,525	1,506,525	
Total Governmental Activities	2,387,180	3,987,073	3,054,345	(2,367,180)	(2,367,180)	
	46,057,689			(35,124,265)	(35,124,265)	
Business-type activities						
Electricity	43,548,566	56,918,385	-	13,369,819	13,369,819	
Natural gas	15,500,673	14,139,718	-	(1,360,955)	(1,360,955)	
Water	4,874,606	6,602,182	-	1,727,576	1,727,576	
Waste water	6,113,161	4,196,898	-	(1,916,263)	(1,916,263)	
Municipal transit	2,338,920	322,892	673,739	(1,286,127)	(1,286,127)	
Sanitation	3,280,812	3,603,274	-	322,462	322,462	
Zoological park	1,499,196	245,703	-	(972,527)	(972,527)	
Golf course	1,149,202	673,555	-	(475,647)	(475,647)	
Interest on long-term debt	2,422,818	-	-	(2,422,818)	(2,422,818)	
Total Business-Type Activities	80,727,954	88,702,607	954,705	6,985,520	6,985,520	
Total Primary Government	\$ 126,785,643	\$ 90,689,680	\$ 4,009,051	(35,124,265)	(28,138,745)	
Component Units						
City Marshal	155,490	202,540	-			47,050
City Court	413,477	446,761	-			33,284
Total Component Units	\$ 568,967	\$ 649,301	\$ -			\$ 80,334
General Revenues						
Taxes						
Property taxes				5,573,379	-	-
Sales tax				30,212,841	-	-
Franchise and miscellaneous taxes				246,471	-	-
Entitlements and shared revenues				81,618	-	-
Hotel occupancy taxes				273,539	-	-
Investment earnings				1,370,127	-	-
Miscellaneous				696,509	673,618	-
Gain on sale of assets				269,700	768	-
Special items - abandoned projects				149,657	(16,005)	-
Transfers from fiduciary funds				216,756	(328,772)	-
Transfers				(6,638,386)	-	-
Total General Revenues, Special Items, and Transfers	31,082,084	6,638,386	-	38,050,079	-	-
Change in Net Assets						
Net Assets, Beginning of Year	(4,042,181)			13,953,515		80,334
Prior Period Adjustment - Correction of Error	140,804,220			83,715,922		801,758
Net Assets, Beginning of Year as Adjusted	(936,479)			(936,479)		-
Net Assets, End of Year	139,867,741			83,715,922		801,758
	\$ 135,825,580			\$ 97,669,437		\$ 882,092

The accompanying notes are an integral part of the financial statements.

Fund Financial Statements

City of Alexandria
Alexandria, Louisiana
Balance Sheet
Governmental Funds
April 30, 2005

Exhibit C

	General Fund	City Sales Tax	General Capital Projects	2004 Sales Tax General Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 239,405	\$ 1,996,990	\$ 10,345	\$ -	\$ 1,063,468	\$ 3,310,208
Investments	-	-	-	-	1,977,403	1,977,403
Equity in pooled cash and investments	6,031,347	-	6,145,558	9,766,697	9,401,205	31,344,807
Receivables	851,454	2,514,777	3,151,202	-	838,342	7,355,775
Interest receivable	-	-	-	-	13,240	13,240
Due from other funds	5,256,119	-	736,672	-	53,676	6,046,467
Inventories	202,456	-	-	-	7,204	209,660
Total Assets	\$ 12,580,781	\$ 4,511,767	\$ 10,043,777	\$ 9,766,697	\$ 13,354,538	\$ 50,257,560
Liabilities and Fund Balances						
Liabilities						
Bank overdraft	\$ 22,070	\$ -	\$ 15,027	\$ 760	\$ 444,982	\$ 482,839
Accounts payable	446,410	-	258,012	101,725	378,799	1,184,946
Accrued expense/other payables	563,969	-	-	-	3,238	567,207
Due to other funds	467,708	4,230,302	328,981	-	142,295	5,169,286
Deferred revenue	6,302	-	-	-	335,616	341,918
Total Liabilities	1,506,459	4,230,302	602,020	102,485	1,304,930	7,746,196
Fund Balances						
Reserved for	-	-	-	-	-	-
Debt service	-	-	-	-	2,581,693	2,581,693
Encumbrances	-	-	1,550,866	2,940,684	939,692	5,431,242
Unreserved	11,074,322	281,465	7,890,891	6,723,528	-	25,970,206
Unreserved, reported in non-major	-	-	-	-	1,005,726	1,005,726
Special revenue funds	-	-	-	-	7,522,497	7,522,497
Capital project funds	-	-	-	-	-	-
Proceeds from refunding bonds	-	-	-	-	12,049,608	12,049,608
Total Liabilities and Fund Balances	\$ 12,580,781	\$ 4,511,767	\$ 10,043,777	\$ 9,766,697	\$ 13,354,538	\$ 50,257,560

The accompanying notes are an integral part of the financial statements.

**City of Alexandria
Alexandria, Louisiana
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
April 30, 2005**

Exhibit D

Total Fund Balance, Governmental Funds

\$ 42,511,364

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore, are not reported in this fund financial statement but are reported in the governmental activities of the Statement of Net Assets.

133,792,270

Some liabilities, (such as notes payable, capital lease contract payable, long-term compensated absences, and bonds payable), are not due and payable in the current period and are not included in the fund financial statement but are included in the governmental activities of the Statement of Net Assets.

Bonds, capital leases and other

(40,235,000)

Compensated absences

(2,464,735)

Interest on long-term debt is accrued in the Statement of Net Assets, but not in the governmental funds.

(643,482)

Certain deferred revenues are reported in the governmental funds but not in the Statement of Net Assets.

335,616

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.

2,529,527

Net Assets of Governmental Activities in the Statement of Net Assets

\$ 135,825,560

The accompanying notes are an integral part of the financial statements.

City of Alexandria
Alexandria, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended April 30, 2005

Exhibit E

	General Fund	City Sales Tax	General Capital Projects	2004 Sales Tax General Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes						
Property taxes	\$ 1,980,124	\$ -	\$ -	\$ -	\$ 3,593,255	\$ 5,573,379
Sales taxes	6,611,397	23,601,445	-	-	-	30,212,842
Other	246,471	-	-	-	273,539	520,010
Intergovernmental	1,856,462	-	2,679,673	-	2,408,882	6,945,017
Fees, commissions, and fines	587,222	-	-	-	-	587,222
Licenses and permits	2,587,074	-	-	-	-	2,587,074
Charges for services	247,829	-	-	-	149,105	396,934
Investment earnings	41,578	-	97,125	207,953	194,563	541,219
Miscellaneous	400,461	-	88,099	3,865	297,743	790,168
Total Revenues	14,558,618	23,601,445	2,864,897	211,818	6,917,087	48,153,865
Expenditures						
Current						
General government	6,852,460	-	-	-	485,367	7,337,827
Public safety	17,766,039	-	-	-	-	17,766,039
Public works	6,906,877	-	-	-	172,610	7,079,487
Community and economic development	-	-	-	-	910,032	910,032
Capital outlay	1,647,340	-	4,712,818	3,869,227	4,744,060	14,973,445
Debt service						
Principal	730,000	-	-	-	1,810,000	2,540,000
Interest and other charges	1,120,049	-	-	-	1,197,939	2,317,988
Total Expenditures	35,022,765	-	4,712,818	3,869,227	9,320,008	52,924,818
Excess (Deficiency) of Revenues over Expenditures	(20,464,147)	23,601,445	(1,847,921)	(3,657,409)	(2,402,921)	(4,770,953)
Other Financing Sources (Uses)						
Transfers in	25,033,838	-	4,020,956	-	3,433,059	32,487,853
Transfers out	(2,204,642)	(23,449,207)	(381,065)	-	(126,414)	(26,161,328)
Transfer from fiduciary funds	216,756	-	-	-	-	216,756
Proceeds from refunding bonds	-	-	-	-	5,230,000	5,230,000
Payment to refund bond escrow agent	-	-	-	-	(4,850,000)	(4,850,000)
Proceeds from sale of assets	373,559	-	-	-	-	373,559
Total Other Financing Sources and Uses	23,419,511	(23,449,207)	3,639,891	-	3,666,645	7,296,840
Net Change in Fund Balances	2,955,364	152,238	1,791,970	(3,657,409)	1,283,724	2,525,887
Fund Balances, Beginning of Year	8,118,958	129,227	7,649,787	13,321,621	10,765,884	39,985,477
Fund Balances, End of Year	\$ 11,074,322	\$ 281,465	\$ 9,441,757	\$ 9,664,212	\$ 12,049,608	\$ 42,511,364

The accompanying notes are an integral part of the financial statements.

**City of Alexandria
Alexandria, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended April 30, 2005**

Exhibit F

Net Change in Fund Balances - Total Governmental Funds	\$	2,525,887
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays \$11,182,881 exceeded depreciation \$5,342,611 in the current period.		5,840,270
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Governmental activities capital assets transferred to business-type activities during the current year to establish funds for municipal golf course and municipal zoological park.		(12,228,981)
--	--	--------------

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Bond proceeds		7,390,000
Repayment of long-term debt		(5,230,000)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest not reflected on Governmental funds		(49,195)
Deferred revenue not reflected on Governmental funds		(84,766)
Compensated absences not reflected on Governmental funds		(173,304)

Transfer of certain internal service funds costs allocated to business-type activities in previous years.		(1,521,759)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		(510,333)
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Change in Net Assets of Governmental Activities	\$	(4,042,181)
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The accompanying notes are an integral part of the financial statements.

**City of Alexandria
Alexandria, Louisiana
Statement of Net Assets
Proprietary Funds
April 30, 2005**

Exhibit G

	Enterprise Funds			
		Other Enterprise Funds		Internal Service Funds
	Utilities System		Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 1,449,490	\$ 114,497	\$ 1,563,987	\$ 137,554
Equity in pooled cash and investments	812,598	476,838	1,289,436	8,180,131
Receivables (net of allowances for uncollectible)	10,546,281	211,568	10,757,849	30,225
Due from other funds	500,898	661,915	1,162,813	127,875
Due from other governments	-	893,225	893,225	-
Inventories	1,782,794	-	1,782,794	-
Prepaid expenses/other assets	27,775	-	27,775	113,180
Total Current Assets	15,119,836	2,358,043	17,477,879	8,588,965
Non-current assets				
Restricted equity in pooled cash and investments	32,077,711	-	32,077,711	-
Capital assets				
Land and improvements	1,473,616	899,030	2,372,646	-
Construction in progress	6,504,239	-	6,504,239	-
Property, plant and equipment	196,832,543	20,490,310	217,322,853	24,732
Less accumulated depreciation	(107,003,162)	(6,668,716)	(113,671,878)	(21,365)
Deferred bond issue costs	760,605	-	760,605	-
Total Non-Current Assets	130,645,552	14,720,624	145,366,176	3,367
Total Assets	145,765,388	17,078,667	162,844,055	8,592,332
Liabilities				
Current Liabilities				
Bank overdraft	-	89,773	89,773	-
Equity in pooled cash overdraft	-	653,342	653,342	-
Accounts payable	1,990,231	126,611	2,116,842	14,283
Salaries payable	289,575	82,998	372,573	1,107
Due to other funds	1,721,532	446,305	2,167,837	32
Compensated absences	174,015	33,081	207,096	-
Certificates of indebtedness/capitalized leases	159,361	-	159,361	-
Estimated liability for claims incurred	-	-	-	2,805,052
Totals	4,334,714	1,432,110	5,766,824	2,820,474
Liabilities payable from restricted assets				
Accounts and contracts payable	551,433	-	551,433	-
Interest	1,088,163	-	1,088,163	-
Revenue bonds	3,815,000	-	3,815,000	-
Totals	5,454,596	-	5,454,596	-
Noncurrent Liabilities				
Compensated absences	986,085	187,460	1,173,545	11,964
Certificates of indebtedness	1,235,000	-	1,235,000	-
Customer guaranteed deposits	3,605,127	-	3,605,127	-
Estimated liability for claims incurred	-	-	-	3,227,000
Revenue bonds	47,939,526	-	47,939,526	-
Total Noncurrent Liabilities	53,765,738	187,460	53,953,198	3,238,964
Total Liabilities	63,555,048	1,619,570	65,174,618	6,059,438
Net Assets				
Invested in capital assets, net of related debt	57,251,612	14,720,624	71,972,236	3,367
Restricted for debt service	3,503,641	-	3,503,641	-
Restricted for capital additions and contingencies	1,000,000	-	1,000,000	-
Restricted for construction	13,433,737	-	13,433,737	-
Unrestricted	7,021,350	738,473	7,759,823	2,529,527
Total Net Assets	\$ 82,210,340	\$ 15,459,097	\$ 97,669,437	\$ 2,532,894

The accompanying notes are an integral part of the financial statements.

City of Alexandria
Alexandria, Louisiana
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended April 30, 2005

	Enterprise Funds			Internal Service Funds	Exhibit H
	Other		Total		
	Utilities System	Enterprise Funds			
Operating Revenues					
Charges for services	\$ 81,721,483	\$ 4,845,391	\$ 86,566,874	\$ 5,841,263	
Miscellaneous	135,699	802	136,501	190,915	
Total Operating Revenues	81,857,182	4,846,193	86,703,375	6,032,178	
Operating Expenses					
Electricity and natural gas purchases	45,132,206	-	45,132,206	-	
Personnel costs	11,126,222	3,497,946	14,624,168	53,276	
Contractual and professional services	775,453	193,003	968,456	569,018	
Disposal costs	-	1,034,174	1,034,174	-	
Utilities	1,415,963	581,028	1,996,991	-	
Repairs and maintenance	2,649,957	94,973	2,744,930	(1,826)	
Vehicle expense	421,326	768,622	1,189,948	-	
Other supplies and expenses	1,288,339	391,853	1,680,192	11,478	
Miscellaneous expenses	-	111,785	111,785	3,922	
Payments in lieu of insurance	575,662	313,132	888,794	-	
Insurance	-	3,476	3,476	7,595,593	
Depreciation	6,163,605	965,550	7,129,155	842	
Total Operating Expenses	69,548,733	7,955,542	77,504,275	8,232,303	
Operating Income (Loss)	12,308,449	(3,109,349)	9,199,100	(2,200,125)	
Nonoperating Revenue (Expenses)					
Investment earnings	660,230	13,391	673,621	155,289	
Operating grants and contributions	-	954,705	954,705	-	
Interest expense	(2,422,818)	-	(2,422,818)	-	
Gain (loss) on sale of assets	(17,097)	2,351	(14,746)	-	
Total Nonoperating Revenue (Expenses)	(1,779,685)	970,447	(809,238)	155,289	
Income (Loss) Before Contributions and Transfers	10,528,764	(2,138,902)	8,389,862	(2,044,836)	
Transfers in	187,193	2,593,428	2,780,621	1,534,503	
Transfers out	(9,320,230)	(1,321,417)	(10,641,647)	-	
Capital contributions	6,255	12,225,437	12,231,692	-	
Special items - abandoned projects	(328,772)	-	(328,772)	-	
Change in Net Assets	1,073,210	11,358,546	12,431,756	(510,333)	
Total Net Assets - Beginning of Year	81,137,130	4,100,551	85,237,681	3,043,227	
Total Net Assets - End of Year	\$ 82,210,340	\$ 15,459,097	\$ 97,669,437	\$ 2,532,894	

The accompanying notes are an integral part of the financial statements.

**City of Alexandria, Louisiana
Reconciliation of Change in Net Assets for Enterprise Funds
Reported in the Statement of Revenues, Expenses,
and Changes in Net Assets to Net Assets for
Business-Type Activities Reported in the Statement of Activities
For the Year ended April 30, 2005**

Exhibit I

Change in Net Assets - Enterprise Funds	\$ 12,431,756
--	----------------------

The Change in Net Assets reported for Business-Type Activities in the Statement of Activities are different because:

Transfer of certain internal service costs allocated to business-type activities in previous periods.

1,521,759

Change in Net Assets of Business-Type Activities

\$ 13,953,515

The accompanying notes are and integral part of the financial statements.

**City of Alexandria
Alexandria, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended April 30, 2005**

**Exhibit J
(Continued)**

	Enterprise Funds			
	Utilities System	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers	\$ 78,871,698	\$ 4,811,598	\$ 83,683,296	\$ -
Internal activity - receipts from other funds	1,344,196	-	1,344,196	6,099,299
Other receipts	168,293	-	168,293	1,725,470
Payments for personnel costs	(10,905,276)	(3,343,749)	(14,249,025)	(50,504)
Payments to vendors and others	(51,144,430)	(1,911,103)	(53,055,533)	(7,926,644)
Internal activity - payments to other funds	(1,778,631)	(1,704,168)	(3,482,799)	(10,096)
Net Cash Provided (Used) by Operating Activities	16,555,850	(2,147,422)	14,408,428	(162,475)
Cash Flows from Noncapital Financing Activities				
Bank overdraft	-	673,590	673,590	-
Prepaid assets	-	-	-	66,287
Operating grants and subsidies	-	168,654	168,654	-
Transfers between funds	(8,447,135)	1,125,791	(7,321,344)	240,379
Net Cash Provided (Used) by Noncapital Financing Activities	(8,447,135)	1,968,035	(6,479,100)	306,666
Cash Flows from Capital and Related Financing Activities				
Capital contributions	-	111	111	-
Interest received on construction funds	369,789	-	369,789	-
Proceeds from sale of capital assets	136,499	4,045	140,544	-
Acquisition or construction of capital assets	(5,808,802)	(222,089)	(6,030,891)	(2,999)
Principal paid on capital debt	(4,520,191)	-	(4,520,191)	-
Interest paid on capital debt	(1,949,749)	-	(1,949,749)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(11,772,454)	(217,933)	(11,990,387)	(2,999)
Cash Flows from Investing Activities				
Net change in equity in pooled cash and investments	4,460,606	460,542	4,921,148	(314,682)
Interest received on operating funds	290,441	13,389	303,830	155,289
Net Cash Provided (Used) by Investing Activities	4,751,047	473,931	5,224,978	(159,393)
Net Increase (Decrease) in Cash and Cash Equivalents	1,087,308	76,611	1,163,919	(18,201)
Cash and Cash Equivalents, Beginning of Year	362,182	37,886	400,068	155,755
Cash and Cash Equivalents, End of Year	\$ 1,449,490	\$ 114,497	\$ 1,563,987	\$ 137,554

The accompanying notes are an integral part of the financial statements.

City of Alexandria
Alexandria, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended April 30, 2005

Exhibit J
(Concluded)

	<u>Enterprise Funds</u>			
	<u>Utilities System</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 12,308,449	\$ (3,109,349)	\$ 9,199,100	\$ (665,622)
Adjustments to reconcile operating income (loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	6,163,605	965,550	7,129,155	842
Provision for doubtful accounts	1,370,276	11,645	1,381,921	-
Net book value of fixed assets written off	-	1,260	1,260	-
Changes in assets and liabilities				
Receivables	(3,011,564)	(19,182)	(3,030,746)	258,088
Due from other funds	-	(27,057)	(27,057)	-
Inventories	(102,140)	-	(102,140)	-
Accounts payable	(559,240)	(18,010)	(577,250)	(14,156)
Accrued expenses and other current liabilities	57,061	38,521	95,582	155
Estimated liability for claims incurred	-	-	-	255,601
Compensated absences	161,110	9,200	170,310	2,617
Customer guaranteed deposits	168,293	-	168,293	-
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ 16,555,850</u>	<u>\$ (2,147,422)</u>	<u>\$ 14,408,428</u>	<u>\$ (162,475)</u>

Additional required disclosure:

There were no material noncash operating, noncapital financing, or capital and related financing activities other than the transfer of zoological park and golf course capital assets from governmental funds capital assets to separate nonmajor proprietary funds.

The accompanying notes are an integral part of the financial statements.

City of Alexandria
 Alexandria, Louisiana
 Statement of Fiduciary Net Assets
 Fiduciary Funds
 April 30, 2005

Exhibit K

Pension Trust Funds				
	City Employees' Retirement System (12/31/04)	Firemen's Pension and Relief Fund	Policemen's Pension and Relief Fund	Total
Assets				
Cash and cash equivalents	\$ 4,656,205	\$ 4,727	\$ -	\$ 4,660,932
Receivables				
Interest and dividends	568,403	-	-	568,403
Total Receivables	568,403	-	-	568,403
Investments, at fair value				
Corporate bonds	19,348,969	-	-	19,348,969
Corporate stocks	41,550,641	-	-	41,550,641
U.S. Government agency notes	4,643,789	-	-	4,643,789
Zero coupon treasury receipts	4,098,005	-	-	4,098,005
GNMA notes	152,844	-	-	152,844
Certificate of deposit	-	83,895	-	83,895
Total Investments	69,794,248	83,895	-	69,878,143
Capital assets				
Furniture, fixtures and equipment-net	4,146	-	-	4,146
Total Capital Assets	4,146	-	-	4,146
Total Assets	75,023,002	88,622	-	75,111,624
Liabilities				
Payroll taxes withheld	510	-	-	510
Total Liabilities	510	-	-	510
Net Assets				
Held in trust for pension benefits	\$ 75,022,492	\$ 88,622	\$ -	\$ 75,111,114

The accompanying notes are an integral part of the financial statements.

City of Alexandria
 Alexandria, Louisiana
 Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 For the Year Ended April 30, 2005

Exhibit L

Pension Trust Funds				
	City Employees' Retirement System (12/31/04)	Firemen's Pension and Relief Fund	Policemen's Pension and Relief Fund	Total
Additions				
Contributions				
Employer	\$ 3,371,285	\$ 25,000	\$ -	\$ 3,396,285
Plan members	1,381,664	-	-	1,381,664
Purchased service, transfers, etc	627	-	-	627
Total Contributions	<u>4,753,576</u>	<u>25,000</u>	<u>-</u>	<u>4,778,576</u>
Investment earnings				
Net increase in fair value of investments	3,223,742	-	-	3,223,742
Interest	1,767,312	1,208	1,279	1,769,799
Dividends	990,894	-	-	990,894
Total Investment Earnings	<u>5,981,948</u>	<u>1,208</u>	<u>1,279</u>	<u>5,984,435</u>
Total Additions	<u>10,735,524</u>	<u>26,208</u>	<u>1,279</u>	<u>10,763,011</u>
Deductions				
Plan benefits	5,088,724	21,874	2,400	5,112,998
DROP benefits	210,899	-	-	210,899
Refunds/transfers of contributions	413,098	-	-	413,098
Administrative	122,888	-	-	122,888
Total Deductions	<u>5,835,609</u>	<u>21,874</u>	<u>2,400</u>	<u>5,859,883</u>
Change in Net Assets	4,899,915	4,334	(1,121)	4,903,128
Other Financing Uses				
Transfers out			(216,756)	(216,756)
Net Assets, Beginning of Year	<u>70,122,577</u>	<u>84,288</u>	<u>217,877</u>	<u>70,424,742</u>
Net Assets End of Year	<u>\$ 75,022,492</u>	<u>\$ 88,622</u>	<u>\$ -</u>	<u>\$ 75,111,114</u>

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

1. Organization And Significant Accounting Policies

The City of Alexandria, Louisiana (City) is governed under the provisions of the Home Rule Charter adopted June 7, 1977. The City operates under a Mayor - City Council form of government.

The accompanying financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GAAP includes all relevant GASB pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The accounting and reporting framework and the more significant of the City's accounting policies are described below.

A. The Financial Reporting Entity

As mentioned above, the City of Alexandria is governed under the provisions of the Home Rule Charter and operates under a Mayor - City Council form of government. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Alexandria and its component units.

Blended Component Units. The Youth Baseball Recreation Board was authorized by the City Council and is governed by a four member board made up of three representatives from the various baseball leagues and one member appointed by the City. The Youth Recreation Fund is reported as if it were part of the primary government because its sole purpose is to operate and maintain the City's baseball complex. The City provides a subsidy to the Board, primarily to finance the operations of the complex.

Discretely Presented Component Units. The component unit columns in the government-wide statements of net assets and of activities include the financial data of the City's other component units. They are reported in a separate column to emphasize that they are legally separate from the City. The City Marshal and the City Judge are elected by the voters of the City of Alexandria. The financial statements of each of these entities are included as of their respective fiscal years ended September 30, 2004.

1. The Alexandria City Marshal is responsible for enforcing judgments of city court, maintaining order within the city court, and collection of city court fines.
2. The Alexandria City Court is responsible for hearing court cases involving violations of city laws and ordinances and for rendering judgments thereon.

Complete financial statements for each of the two discretely presented component units can be obtained from their respective administrative offices:

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

Administrative Offices:

Alexandria City Marshal
515 Washington Street
Alexandria, Louisiana

Alexandria City Court
515 Washington Street
Alexandria, Louisiana

B. Basis of Presentation and Accounting

The accounting system is organized and operated on the basis of funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The City's funds are grouped into two broad fund categories and six generic fund types for financial statement presentation purposes. Governmental funds include the general, special revenue, debt service and capital projects. Proprietary funds include enterprise funds and internal service funds. The City has three pension trust funds.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements, "*Statement of Net Assets*" and "*Statement of Activities*", report information on all of the non-fiduciary activities of the primary government. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Pension trust funds are excluded from the government-wide financial statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements.

The government-wide Statement of Activities presents a comparison between expenses (both direct and indirect) and program revenues for each segment of the business type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses are not allocated to governmental activities functions in the Statement of Activities but are allocated to business-type functions. Program revenues include (a) fees, fines, and charges paid by the recipients if goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenue are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

Net assets are reported as restricted when constraints placed on net asset are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue funds, debt service funds, and capital project funds with their respective net asset use.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting by fund type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Therefore, separate financial statements are provided for governmental funds, propriety funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The major governmental funds are:

- General Fund – This is the City's primary operating fund. This fund accounts for all financial resources except those required to be accounted for in another fund.
- Special Revenue – City Sales Tax Fund – This fund accounts for the proceeds of the 1976 one-percent (1%) and the 1998 one-percent (1%) city sales and use tax.
- General Capital Projects Fund – This fund accounts for various capital projects. Funding is provided by intergovernmental grants and transfers of funds designated for capital improvements from the City Sales Tax Fund.
- 2004 Sales Tax General Capital Projects Fund – This fund accounts for the receipt of the proceeds of the Sales Tax Bonds, Series 2004 and subsequent expenditure of the funds.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed by measurable and available (i.e., collectible with the current period or within 60 days after year end and available to pay obligations on the current period). This includes property taxes, franchise taxes, sales taxes, grants, interest revenue, and charges for services. Fines, permits, and license revenues are not susceptible to accrual because generally they are not measurable until received in cash. Reimbursements due for federally and state funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

Expenditure Recognition

The measurement focus on governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled service receivables are recorded at each year-end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds include charges to customers for sales and services, transit fees, and employer and employee insurance premiums. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, benefits paid and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses.

The major proprietary fund of the City is the Utilities System Fund, which accounts for electricity, natural gas, water and wastewater services provided to residents of the City and general surrounding areas.

Effective May 1, 2004, assets, liabilities and operations of the municipal zoological park and the municipal golf course were transferred to separate proprietary funds. Operations of each of these funds were previously accounted for within the general fund. Assets and liabilities were previously included in governmental activities within the Statement of Net Assets.

The City maintains three internal service funds as follows:

- Risk Management Fund is used to account for the provision of various insurance coverage to the other funds of the City through incorporation of self insurance and premiums paid for third party coverage for certain stop loss levels.
- Employee Benefits Insurance Fund is used to account for the provision of hospitalization/health insurance to employees of the City. A defined amount is self insured and provision is made for excess coverage through premiums paid to a third party. In addition, certain life insurance is provided for employees through premiums paid to a third party insurance carrier.
- Unemployment Benefits Fund is used to account for the provision of unemployment benefits to the other funds of the City through self-insurance coverage.

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

Fiduciary Funds

The City currently has three pension trust fiduciary funds as follows:

- City Employees' Retirement System Fund is used to accumulate resources for retirement benefits for City employees covered under the plan.
- Firemen's Pension And Relief Fund is used to account for benefits paid to members of this plan. The City is required to contribute an amount sufficient to meet any deficit of the Fund without regard for reserve requirements accruing on an actuarial basis.
- Policemen's Pension And Relief Fund is used to account for benefits paid to members of this plan. Members are not required to contribute to the Fund. The City is required to contribute an amount sufficient to meet any deficit of the Fund without regard for reserve requirements accruing on an actuarial basis.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City. The City maintains the above pension trust funds to account for the City's employee pension funds. Trust funds are used to account for assets held by the government in a trustee capacity.

The accrual basis of accounting is utilized by proprietary fund types and pension trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

C. Budgets and Budgetary Accounting

Annual appropriated operating budgets of proposed expenditures and the means of financing them are adopted for the general, special revenue, and debt service funds. Budgeted amounts are as originally adopted, or as amended from time to time by the Council. Budgets are adopted consistent with accounting principles generally accepted in the United States of America.

Budgets are adopted on a line item basis. Administrative amendments can be made on a departmental basis between line item accounts only. Interdepartmental amendments, interfund amendments, and additional appropriations from one fund to another are subject to Council approval. The overall level of control is on an interdepartmental basis.

Annual operating budget appropriations expire at the close of the fiscal year to the extent not expended.

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the General Fund, Special Revenue Funds, and Capital Projects Funds. Encumbrances at year end, if material, are reported as reservations of fund balances.

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

E. Cash and Cash Equivalents; Investments

Cash - Cash includes amounts on hand and in demand deposits. For the purpose of the statement of cash flows, management considers all highly liquid investments, excluding restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

Investments - Investments are reported at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Certificates of deposit classified as investments are valued at cost, which equals fair value. U.S. Treasury Notes are valued based on quoted market prices. Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Securities traded on national securities exchanges are valued at the last reported sales price on the last business day of the plan year. Investments traded in the over-the-counter market are valued at the average of the last reported bid and asked prices. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar investments.

F. Internal Balances (Due from/to Other Funds)

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the statement of net assets and as due from/to other funds in the fund financial statements.

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

G. Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market, with the exception of central warehouse inventory and fuel, which are valued at average cost. Inventories are accounted for in the funds using the consumption method, whereby expenditures are recognized as inventory is used.

H. Restricted Assets

Certain Enterprise Fund assets are classified as restricted assets because their use is restricted to certain activities by law or bond covenants. "Revenue Bond Current Debt Service accounts" are used to report resources accumulated for May 1st maturities of revenue bonds principal and interest. "Customers' Deposit accounts" are used to account for funds received from customers for utilities deposits. "Revenue Bond Reserve accounts" are used to report resources set aside for potential future deficiencies in the Revenue Bond Current Debt Service accounts. "Revenue Bond Capital Additions and Contingencies accounts" are used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. "Special Projects accounts" are funds restricted by Council action for certain designated projects. "Utilities Capital Projects accounts" are used to account for funds set aside for capital additions, renewals, and replacements.

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

I. Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds.

In the Government-Wide Financial Statements, capital assets, including general capital assets are capitalized and depreciated on a straight-line basis over their estimated useful lives. Public domain ("infrastructure") capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are capitalized. The valuation basis for capital assets is historical cost, or when historical cost is not available, estimated historical cost. Donated capital assets are valued at estimated fair value on date of donation. The minimum capitalization threshold is any individual item with a total cost greater than \$1,000 or infrastructure capital assets with a total cost greater than \$250,000.

Capital assets in the proprietary funds are capitalized in the fund, which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for general capital assets. Donated assets are capitalized at estimated fair market value on the date donated.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Interest capitalized during the current period totaled \$52,042.

J. Bond Issuance Costs

In governmental funds, bond issuance costs are recognized in the current period. Bond issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond issuance costs for proprietary fund types are recorded as deferred charges.

K. Compensated Absences

Vested or accumulated leave is accrued in the period the liability is incurred. Compensated absences expected to be financed from governmental funds are not reported in the balance sheet of the fund financial statements; however, compensated absences are reported in the statement of net assets in the government-wide financial statements. Vested or accumulated leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the employer and employee.

L. Long-term Liabilities

Long-term liabilities expected to be financed from governmental funds are not reported in the Balance Sheet for the Fund Financial Statements; however, such long-term obligations are reported in the Statement of Net Assets in the Government-Wide Financial Statements. Interest expense on long-term debt is recognized in the Government-Wide Financial Statements as the interest accrues, regardless of when it is due. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

M. Supplemental Wages

Certain employees of the police and fire departments receive supplemental wages from the State of Louisiana. These supplemental wages are recognized as intergovernmental revenue and public safety expenditures in the General Fund.

N. Interfund Transactions

Quasi-external transactions, if any, are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures, initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. Prior Period Adjustment

The Government-Wide Financial Statements include a prior period adjustment - correction of an error decreasing net assets by \$936,479. The correction was necessary due to certain infrastructure assets improperly capitalized and/or included in capital assets and also construction in progress.

2. Cash and Cash Equivalents; Equity in Pooled Cash and Investments; and Investments

Cash and cash equivalents – governmental and business-type activities

At year-end, the City's deposits were covered by depository insurance or collateral held by the city or its agent in the City's name.

Equity in pooled cash and investments – governmental and business-type activities

The City maintains separate cash and investment pools that are available for use by all funds not required to maintain separate accounts in accordance with state law or bond indentures. At year-end, equity in pooled cash and equivalents consisted of the following:

Cash in interest-bearing demand deposits	\$ 28,814,374
Certificates of deposit with maturities of less than one year	<u>12,000,000</u>
	\$ 40,814,374

At year-end, the City's pooled cash and investments were covered by depository insurance or collateral held by the city or its agent in the City's name.

City of Alexandria, Louisiana
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Notes to Financial Statements

Investments – governmental and business-type activities

The City may invest in United States bonds, treasury notes, or time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, investments as stipulated in state law, or any other federally insured investment. At year-end, the City's investments in governmental and business-type activities consisted of certificates of deposit with maturities of less than one year. These investments were covered by depository insurance or collateral held by the City or its agent in the City's name.

Cash and equivalents – employee retirement plans

At year-end, the City's deposits were covered by depository insurance or collateral held by the city or its agent in the City's name.

Investments – employee retirement plans

At year-end, the employee retirement plans had the following investments and maturities:

Investment Type	Fair Value	Less than 1	Investment Maturities (In Years)		
			1 – 5	6 – 10	More than 10
Corporate bonds	\$ 19,348,969	\$	\$ 525,273	\$ 234,796	\$ 18,588,900
Zero Coupon Treasury receipts	4,098,005			1,877,557	2,220,448
U. S. agencies obligations	4,643,789			432,205	4,211,584
GMNA mortgage notes	152,844		10,685	22,010	120,149
Total interest-bearing	28,243,607	\$	\$ 535,958	\$ 2,566,568	\$ 25,141,081
Preferred stocks	2,862,260				
Corporate stocks	38,688,381				
	\$ 69,794,248				

Interest Rate Risk: The employee retirement plans do not have a formal investment policy that limits investment maturities as a means of managing their exposure to fair value losses arising from rising interest rates.

Credit Risk: The employee retirement plans may invest in United States bonds, treasury notes, or time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, investments as stipulated in state law, or any other federally insured investment. In addition, the City of Alexandria Employees' Retirement System plan may invest in corporate stocks and bonds. The City of Alexandria Employees' Retirement System's investment policies limits its corporate debt investments to bonds rated at least BBB by Standards and Poor's or Baa by Moody's Investors Service.

Custodial Credit Risk: For an investment, custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year-end, the employee retirement plans' certificates of deposit included in investments were covered by depository insurance or collateral held by the plans or the plans' agents in the plans' name, except for \$43, which was uncollateralized. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All other investments are held by the plan or its agents in the plan's name.

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

3. Receivables

Receivables as shown in the Fund Financial Statements, at April 30, 2005, consist of the following:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Internal Service Funds</u>	<u>Totals</u>
Receivables				
Taxes - ad valorem	\$ 133,976	\$	\$	\$ 133,976
Taxes - sales	2,514,777			2,514,777
Accounts				
Uncollected cycle billings		7,118,304		7,118,304
Estimated unbilled services		4,729,500		4,729,500
Interest and dividends	13,240			13,240
Other	<u>658,981</u>	<u>28,046</u>	<u>30,225</u>	<u>717,252</u>
Gross receivables	3,320,974	11,875,850	30,225	15,227,049
Allowance for uncollectibles	<u>(117,031)</u>	<u>(1,118,000)</u>	<u></u>	<u>(1,235,031)</u>
Net receivables	\$ 3,203,943	\$ 10,757,850	\$ 30,225	\$ 13,992,018
Intergovernmental				
Federal	233,231	603,440		836,671
State	3,280,574	289,784		3,570,358
Local	<u>651,267</u>	<u></u>	<u></u>	<u>651,267</u>
Total receivables	\$ 7,369,015	\$ 11,651,074	\$ 30,225	\$ 19,050,314

Ad valorem taxes attach as an enforceable lien on property as of January 1st of each year. Taxes are levied by the City normally in October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1st of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Rapides Parish.

For the year ended April 30, 2005, taxes of 20.01 mills were levied on property with assessed values totaling \$271,806,191 and were dedicated as follows:

Streets and drainage	11.11 mills
Debt service	2.15 mills
General purpose	6.75 mills

Total taxes levied were \$5,498,639 of which \$36,101, representing current taxes, (net of allowance for uncollectibles) remained uncollected at April 30, 2005.

Receivables arising from utility services provided to customers consist of uncollected billings rendered customers on monthly cycle billings and estimated services provided customers between billing cycles. The allowance for uncollectible accounts includes \$1,118,000, which represents the projected uncollectible utility accounts at April 30, 2005.

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

4. Due From/To Other Funds and Transfers

Amounts due from and to other funds as reported in the fund financial statements, at April 30, 2005, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	City Sales Tax	\$ 3,493,630
General	Community Development Block Grant	135,583
General	Home Investment Partnership Program	4,520
General	Utilities System	1,366,444
General	Metro Share Program	607
General	Sanitation	91,331
General	Municipal Bus Line	142,082
General	Golf Course	21,890
General	Risk Management	32
Community Development	Home Investment Partnership Program	1,585
Community Development	General Capital Projects	6,525
Community Development	Utilities System	35,450
General Capital Projects	City Sales Tax	736,672
EDA Capital Projects	Utilities System	10,116
Total Governmental Funds		<u>6,046,467</u>
Municipal Bus Line	Utilities System	232,408
Municipal Bus Line	General Capital Projects	2,722
Sanitation	Utilities System	42,074
Zoological Park	General	384,711
Utilities System	Zoological Park	124,491
Utilities System	General Capital Projects	319,735
Utilities System	Sanitation	56,672
Total Enterprise Funds		<u>1,162,813</u>
Employee Benefits Insurance	General Fund	82,996
Employee Benefits Insurance	Utilities System	35,040
Employee Benefits Insurance	Sanitation	5,572
Employee Benefits Insurance	Municipal Bus Line	4,267
Total Internal Service Funds		<u>127,875</u>
Total Due From/To Other Funds		\$ 7,337,155

The balances reflected in interfunds represent either routine charges for goods and services or permanent (non-loan) transfers from one fund to another. These balances are settled periodically. The amounts here represent activity since the last settlement.

City of Alexandria, Louisiana
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Notes to Financial Statements

Transfers, for the year ending April 30, 2005, shown in the fund financial statements were as follows:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General	City Sales Tax	\$ 17,809,183
General	Community Development Block Grant	84,800
General	Home Investment Partnership Program	3,000
General	General Capital Projects	310,000
General	Utilities System	5,810,700
General	Sanitation	481,118
General	Municipal Bus Line	324,803
General	Zoological Park	173,496
General	Golf Course	36,738
General Capital Projects	City Sales Tax	3,986,549
General Capital Projects	Utilities System	27,952
General Capital Projects	1988 Drainage Property Tax	6,454
EDA Capital Projects	Utilities System	1,553,473
Community Development	Utilities System	109,913
Community Development	General Capital Projects	13,608
Home Investment Partnership Program	Hotel Economic Development	32,160
Youth Recreation	General	31,000
1993 Streets & Drainage Property tax	General Capital Projects	39,430
Debt Service	City Sales Tax	<u>1,653,475</u>
Total Governmental Funds		32,487,852
Utilities System	Sanitation	154,941
Utilities System	Municipal Bus Line	32,252
Municipal Bus Line	Utilities System	1,397,714
Municipal Bus Line	General Capital Projects	18,028
Golf Course	General	175,375
Zoological Park	General	942,971
Sanitation	General	<u>59,340</u>
Total Enterprise Funds		2,780,621
Employee Benefits Insurance	General	995,956
Employee Benefits Insurance	Utilities System	420,478
Employee Benefits Insurance	Sanitation	66,870
Employee Benefits Insurance	Municipal Bus Line	<u>51,199</u>
Total Internal Service Funds		<u>1,534,503</u>
Total Transfers		\$ 36,802,976

The transfers are movements of money from one fund to another. These can be required by law (City Sales Tax transfers to other funds) or merely serve as a means to finance activities in the receiving fund (Utility transfers to General Fund and Transit Fund). As in the interfunds above, these are not loans, i.e., the receiving fund does not pay it back.

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

5. Restricted Assets

At April 30, 2005, restricted assets of the Utility System Enterprise Fund consist of equity in pooled cash and investments totaling \$32,077,711 as follows:

Revenue bond current debt service	\$ 4,881,815
Customers' deposits	3,605,128
Special projects	150,000
Revenue bond reserve	3,503,641
Revenue bond capital additions and contingencies	1,000,000
Utilities capital projects - unexpended bond funds	13,457,662
Utilities capital projects - other	<u>5,479,465</u>
	\$ 32,077,711

6. Capital Assets and Depreciation

Capital asset activity for the year ended April 30, 2005, was as follows:

	<u>Balance</u> <u>May 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>April 30, 2005</u>
Governmental Activities				
Capital assets not being depreciated				
Land and land improvements	\$ 7,889,681	\$ 312,935	\$ (988,491)	\$ 7,214,125
Construction in progress	<u>23,394,992</u>	<u>1,137,014</u>	<u>(20,188,291)</u>	<u>4,343,715</u>
Total Capital Assets not Being Depreciated	31,284,673	1,449,949	(21,176,782)	11,557,840
Other capital assets				
Buildings and improvements	77,227,773	24,287,171	(12,532,218)	88,982,726
Furniture and fixtures	908,833	29,019	(7,844)	930,008
Equipment	12,152,579	847,640	(1,453,058)	11,547,161
Vehicles	9,188,924	1,688,629	(410,913)	10,466,640
Infrastructure	<u>61,877,088</u>	<u>3,306,243</u>	<u>(907,589)</u>	<u>64,275,742</u>
Total Other Capital Assets	161,355,197	30,158,702	(15,311,622)	176,202,277
Accumulated depreciation				
Buildings and improvements	(17,526,266)	(1,673,336)	1,688,156	(17,511,446)
Furniture and fixtures	(817,391)	(26,599)	7,084	(836,906)
Equipment	(8,215,666)	(1,013,111)	898,808	(8,329,969)
Vehicles	(6,478,550)	(807,095)	362,896	(6,922,749)
Infrastructure	<u>(18,486,692)</u>	<u>(1,901,296)</u>	<u>21,211</u>	<u>(20,366,777)</u>
Total Accumulated Depreciation	(51,524,565)	(5,421,437)	2,978,155	(53,967,847)
Other Capital Assets, Net	<u>109,830,632</u>	<u>24,737,265</u>	<u>(12,333,467)</u>	<u>122,234,430</u>
Net Capital Assets	\$ 141,115,305	\$ 26,187,214	\$(33,510,249)	\$133,792,270

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

Depreciation was charged to functions as follows:

Governmental Activities	
General government	\$ 1,457,659
Public safety	1,283,018
Public works	<u>2,602,776</u>
Total Depreciation Expense for Governmental Activities	\$ 5,343,453

Fixed assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 40 years
Furniture and fixtures	3 - 10 years
Equipment	3 - 50 years
Vehicles	3 - 10 years
Infrastructure	25 - 40 years

The City looks at individual projects in considering capitalizing infrastructure. To be capitalized, the project cost must be \$250,000 or greater. Donated assets, such as by developers, are subject to the threshold. Actual cost is used when available, estimated is used otherwise.

Estimations of useful lives are as follows:

Streets	40 years
Drainage	25 years
Traffic Signals	25 years

	<u>Balance</u> <u>May 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>April 30, 2005</u>
Business-Type Activities				
Assets not being depreciated				
Land	\$ 1,330,079	\$ 1,042,567	\$	\$ 2,372,646
Construction in progress	<u>7,363,492</u>	<u>4,095,895</u>	<u>(4,955,148)</u>	<u>6,504,239</u>
Total Assets not Being Depreciated	8,693,571	5,138,462	(4,955,148)	8,876,885
Other Capital Assets				
Plant and equipment	187,863,273	16,580,949	(591,632)	203,852,590
Buildings and improvements	1,506,027	543,134		2,049,161
Vehicles and buses	9,250,169	491,217	(275,480)	9,465,906
Furniture, fixtures and equipment	<u>715,641</u>	<u>1,259,829</u>	<u>(20,275)</u>	<u>1,955,195</u>
Total Other Capital Assets	199,335,110	18,875,129	(887,387)	217,322,852
Accumulated Depreciation				
Plant and equipment	(97,583,886)	(6,448,767)	474,872	(103,557,781)
Buildings and improvements	(602,700)	(1,429,244)		(2,031,944)
Vehicles and buses	(6,331,447)	(763,869)	268,319	(6,826,997)
Furniture, fixtures and equipment	<u>(371,642)</u>	<u>(900,834)</u>	<u>17,321</u>	<u>(1,255,155)</u>
Total Accumulated Depreciation	<u>(104,889,675)</u>	<u>(9,542,714)</u>	<u>760,512</u>	<u>(113,671,877)</u>
Other Capital Assets, Net	<u>94,445,435</u>	<u>9,332,415</u>	<u>(126,875)</u>	<u>103,650,975</u>
Net Capital Assets	\$103,139,006	\$ 14,470,877	\$(5,082,023)	\$112,527,860

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

Depreciation was charged to functions as follows:

Business-Type Activities

Electricity	\$ 2,472,329
Natural gas	1,246,773
Water	914,559
Waste water	1,529,944
Municipal bus line	306,653
Sanitation	128,497
Municipal zoo	189,542
Municipal golf course	340,858
Total Depreciation Expense for Business-Type Activities	<u>\$ 7,129,155</u>

The Utilities System depreciation expense above includes \$423,570, which is reflected in overhead in the operating statements.

Fixed assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 40 years
Furniture and fixtures	3 - 10 years
Plant and equipment	3 - 50 years
Vehicles	3 - 10 years

A summary of significant budgeted construction or renovation projects is presented below:

	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Commitment</u>	<u>Required Further Financing</u>
Utilities System Enterprise Fund				
Electric	\$ 5,377,736	\$ 3,294,013	\$ 435,467	None
Gas	804,227	699,825	8,207	None
Water	10,098,474	1,863,642	157,105	None
Wastewater	11,933,498	1,844,836	2,409,709	None
General and administrative	<u>4,959,783</u>	<u>3,757,072</u>	<u>386,757</u>	None
	<u>\$ 33,173,718</u>	<u>\$ 11,459,388</u>	<u>\$ 3,397,245</u>	

7. Risk Management

The City is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City employs a Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage up to the maximum amounts indicated in the following table. The City purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims did not exceed this commercial coverage for the fiscal year ended April 30, 2005. During the current year, management of the City decided not to renew coverage for automobile liability. All claims are now handled by the City Attorney's office with the City primarily liable for any and all claim settlements.

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

	<u>Loss Retained</u>	
	<u>Each Occurrence</u>	<u>In Aggregate</u>
General liability/Law enforcement liability	\$500,000	\$3,000,000
Workers' compensation	500,000	Statutory
Public officials and employees liability	500,000	3,000,000
Property damage	100,000	(*)

(*) \$225,000,000 per occurrence with specified sub-limits

All funds of the City participate in the program and make payments to the Risk Management Fund based upon actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$5,431,000 as of April 30, 2005, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The City has elected to record the liability on the discounted basis.

Changes in the Fund's claims liability amount in the fiscal year ending April 30, 2005, were as follows:

Balance, beginning of the year	\$ 5,349,000
Current year claims and changes in estimates	2,977,098
Claims payments	<u>(2,895,098)</u>
Balance, end of the year	\$ 5,431,000

The City is a defendant in lawsuits, which are not covered by an insurance program, and is involved in ongoing disputes regarding certain class actions or potential class actions filed on behalf of past and present employees. The various disputes are primarily of an employment or wage related matters. The City denies any liability or responsibility for wages or other claims and intends to contest the claim or claims vigorously and to not seek any out-of-court settlements. Legal counsel has advised that there is no specific estimate which can be made of the amount or range of the potential loss or exposure, if any, at this time.

8. Employee Benefits Insurance

The City employs an Employee Benefits Insurance Fund (an internal service fund) to account for and finance employee hospitalization/health insurance and certain employee life insurance. Under this program, the Employee Benefits Insurance Fund normally provides coverage for a maximum of \$50,000 per plan year for each covered employee's (and dependent's, if applicable) qualifying health claims. Commercial insurance is purchased for health claims in excess of self-insured maximum of \$50,000 for each covered employee's (and dependent's, if applicable) qualifying health claims. The Fund does not have a maximum aggregate retained loss. The Employee Benefits Insurance Fund also purchases certain employee life insurance from employee contributions.

City of Alexandria, Louisiana
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Notes to Financial Statements

All funds of the City and covered employees participate in the program and make payments to the Employee Benefits Insurance Fund based on estimates of the amount needed to pay current year claims. The claims liability of \$601,052 reported in the Fund at April 30, 2005, is based upon the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount in the fiscal year ending April 30, 2005, were as follows:

Balance, beginning of the year	\$ 427,451
Current year claims and changes in estimates	4,870,971
Claims payments	<u>(4,697,370)</u>
Balance, end of the year	\$ 601,052

9. Unemployment Benefits

The City employs an Unemployment Benefits Fund (an internal service fund) to pay self-insured unemployment claims under state statutes. All claims are administered by the state unemployment office. Approved claims are paid by the state, which invoices the City for reimbursement. All funds of the City participate in the program.

During the year ended April 30, 2005, no payments were paid to the Unemployment Benefits Fund. Management believes that sufficient investments are available in the Unemployment Benefits Fund to pay claims from investment earnings. Claims incurred as of April 30, 2005, are considered immaterial and are not included in this report.

10. Long-Term Liabilities

Governmental Activities long-term liabilities are direct obligations and pledge the full faith and credit of the City. The City has incurred these liabilities to provide funds for the acquisition and construction of major capital additions, to provide funds for major capital projects, and to provide funds in connection with the merger of the City's Police Pension and Relief Fund into the statewide Municipal Police Employees' Retirement System and the City's Firemen Pension and Relief Fund into the statewide Firefighters' Retirement System. In addition, the City's obligation relative to the governmental funds' liability for compensated absences and extended risk management claims is reported as a governmental activities long-term liability.

City of Alexandria, Louisiana
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Notes to Financial Statements

The City has issued two types of revenue bonds. The first type is utility revenue bonds whereby the City pledges income derived from the acquired or constructed assets to pay debt service. This long-term debt is reported in the business-type activities. The second type is sales tax revenue bonds whereby the City has pledged revenue from specifically dedicated sales tax collections to pay debt service and is reported as governmental activities long-term liabilities.

A summary of long-term debt, as of April 30, 2005, follows:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>
Governmental activities				
General Obligation				
Sales tax revenue bonds				
2002 refunding	2006 - 2008	2.00 - 2.50	\$	\$ 2,030,000
2002 Issue	2006 - 2024	2.50 - 5.00		15,000,000
Ad valorem tax bonds	2006	4.60		340,000
Ad valorem tax bonds -refunding	2006 - 2016	2.00 - 3.75		5,195,000
Certificates of indebtedness				
Series 1998 A & B - refunding	2006 - 2014	4.65 - 6.00		2,810,000
Series 1998 C - refunding	2006 - 2022	5.75 - 6.85		14,860,000
Compensated absences				2,464,736
Risk Management Claims				3,227,000
Business-type activities				
Enterprise Funds				
Utilities System revenue bonds				
1995 capital additions	2006	5.00	710,000	
2002 refunding	2006 - 2009	3.00 - 4.00	9,250,000	
2003 refunding	2006 - 2014	2.00 - 3.625	7,735,000	
2004 A capital additions	2006 - 2034	2.25 - 5.00	15,490,000	
2004 B refunding	2006 - 2021	2.25 - 5.00	19,410,000	
Capitalized lease obligations	2006		24,361	
Certificates of indebtedness				
Series 2004 - capital additions	2006 - 2013	1.25 - 4.15	1,370,000	
Customer guaranteed deposits			3,605,127	
Compensated absences			1,380,641	
Totals			58,975,129	45,926,736
Current portion			(4,181,457)	(2,619,710)
Totals			\$ 54,793,672	\$ 43,307,026
Deferred loss on Revenue Bonds 2003 B refunding			(840,474)	
Totals			\$ 53,953,198	

City of Alexandria, Louisiana
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Notes to Financial Statements

During the year ended April 30, 2005, the following changes occurred in governmental activities long-term liabilities:

	Balance 05/01/04	Additions	(Reductions)	Balance 04/30/05
Governmental Activities Long-Term Debt				
Sales tax bonds	\$ 18,485,000	\$	\$ (1,455,000)	\$ 17,030,000
Ad valorem tax bonds	5,510,000	5,230,000	(5,205,000)	5,535,000
Certificates of indebtedness	18,400,000		(730,000)	17,670,000
Compensated absences - net	2,291,431	173,305		2,464,736
Risk management claims - net	3,175,000	52,000		3,227,000
Totals	\$ 47,861,431	\$ 5,455,305	\$ (7,390,000)	\$ 45,926,736

	Balance 04/30/05	Due within one year	Due in more than one year
Governmental Activities Long-Term Debt			
Sales tax bonds	\$ 17,030,000	\$ 1,070,000	\$ 15,960,000
Ad valorem tax bonds	5,535,000	405,000	5,130,000
Certificates of indebtedness	17,670,000	775,000	16,895,000
Compensated absences - net	2,464,736	369,710	2,095,026
Risk management claims - net	3,227,000		3,227,000
Totals	\$ 45,926,736	\$ 2,619,710	\$ 43,307,026

The annual requirements to amortize outstanding governmental activities long-term debt excluding compensated absences and risk management claims are as follows:

Year ended April 30,	Principal Payments	Interest Payments	Total
2006	\$ 2,250,000	\$ 1,856,567	\$ 4,106,567
2007	2,355,000	1,755,507	4,110,507
2008	2,455,000	1,656,095	4,111,095
2009	1,965,000	1,554,950	3,519,950
2010	2,075,000	1,458,506	3,533,506
2011-2015	11,455,000	5,854,913	17,309,913
2016-2020	10,495,000	3,201,435	13,696,435
2021-2024	7,185,000	563,177	7,748,177
	\$40,235,000	\$ 17,901,150	\$ 58,136,150

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

During the year ended April 30, 2005, the following changes occurred in business-type activities long-term liabilities:

	Balance 05/01/04	Additions	(Reductions)	Balance 04/30/05
Business-Type Activities Long-Term Debt				
Revenue bonds	\$ 56,960,000	\$	\$ (4,365,000)	\$ 52,595,000
Capitalized lease obligations	49,552		(25,191)	24,361
Certificates of indebtedness	1,500,000		(130,000)	1,370,000
Compensated absences - net	1,147,189	233,452		1,380,641
Customer guaranteed deposits - net	3,436,834	168,293		3,605,127
Totals	\$ 63,093,575	\$ 401,745	\$ (4,520,191)	\$ 58,975,129

	Balance 04/30/05	Due within one year	Due in more than one year
Business-Type Activities Long-Term Debt	\$ 58,975,129	\$ 4,181,457	\$ 54,793,672

The annual requirements to amortize outstanding business-type activities long-term debt excluding customer guaranteed deposits and compensated absences are as follows:

<u>Year ended April 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2006	\$ 3,974,361	\$ 2,117,931	\$ 6,092,292
2007	3,690,000	1,996,185	5,686,185
2008	4,030,000	1,871,161	5,901,161
2009	4,435,000	1,725,823	6,160,823
2010	2,500,000	1,600,685	4,100,685
2011-2015	12,880,000	6,467,455	19,347,455
2016-2020	10,245,000	4,084,498	14,329,498
2021-2025	4,755,000	2,142,506	6,897,506
2026-2030	3,755,000	1,328,981	5,083,981
2031-2034	3,725,000	360,842	4,085,842
	\$53,989,361	\$ 23,696,067	\$ 77,685,428

Defeased Debt: The City defeased certain general obligation and revenue bonds by placing sufficient proceeds in irrevocable trusts to provide for all future debt service payments on the bonds. Accordingly, the assets of the trust accounts and the liability for the defeased bonds are not included in the City's financial statements. At year-end, defeased bonds outstanding consisted of the following:

Governmental activities

General Obligation

Sales tax revenue bonds

Series ST-1987

\$ 2,155,000

Ad valorem tax bonds

Series 1996

5,170,000

\$ 7,325,000

City of Alexandria, Louisiana
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Notes to Financial Statements

Business-type activities

Enterprise Funds

Utilities System revenue bonds

Series 1995

\$ 9,890,000

Governmental Activities General Obligation Refunding Bonds, Series 2004: On September 30, 2004, the City issued \$5,230,000 of General Obligation Revenue Refunding Bonds, Series 2004, with interest rates ranging from 2.00% to 3.75%, to advance refund \$4,850,000 of outstanding General Obligation Bonds, Series 1996 with interest rates ranging from 4.85% to 5.00%. A total of \$5,116,846, consisting of net proceeds from the General Obligation Refunding Bonds, Series 2004, after payment of underwriting fees, insurance, and other issuance was deposited with an escrow agent. The issuance of the Series 2004 bonds decreased the debt service requirements by \$166,678 over the next 12 years and resulted in an economic gain (the difference between the present values of the old and new debt service payments) of \$96,579. The City issued the new bonds to take advantage of the economic gain.

11. Supplemental Pay

Certain employees meeting statutory qualifications in the fire and police departments receive supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of \$915,970 is recognized as intergovernmental revenue in the General Fund and as expenditures in the following public safety departments:

Police	\$ 523,170
Fire	<u>392,800</u>
	\$ 915,970

12. Enterprise Funds – Segment Information

The City operates a utilities system consisting of an electric generation and distribution system, a natural gas distribution system, a water production and distribution system, and a sewerage transmission and treatment plant. The City issued revenue bonds for capital improvements of the utilities system. These revenue bonds rely on revenues generated by the utilities system as a whole for repayment. The following is a condensed summary of this fund:

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Notes to Financial Statements

Utilities
System

Condensed Statement of Net Assets

Assets	
Current assets	
Due from other funds	\$ 500,898
Other current assets	14,618,938
Noncurrent assets	
Restricted equity in pooled cash and investments	32,077,711
Capital assets	97,807,236
Other noncurrent assets	760,605
Total Assets	<u>145,765,388</u>
Liabilities	
Current liabilities	
Due to other funds	1,721,532
Other current liabilities	2,613,182
Liabilities payable from restricted assets	5,454,596
Noncurrent liabilities	<u>53,765,738</u>
Total Liabilities	<u>63,555,048</u>
Net Assets	
Invested in capital assets, net of related debt	57,251,612
Restricted	17,937,378
Unrestricted	<u>7,021,350</u>
Total Net Assets	<u>\$ 82,210,340</u>

Condensed Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues (operating revenues are pledged against revenue bonds)	\$ 81,857,182
Operating expenses	
Depreciation	(5,740,035)
Depreciation included in overhead	(423,570)
Other	<u>(63,385,128)</u>
Operating income (loss)	12,308,449
Nonoperating revenues (expenses)	
Investment income	660,230
Disposition of assets	(17,097)
Interest expense and fiscal charges	(2,422,818)
Capital contributions	6,255
Special items	(328,772)
Transfers in (out)	<u>(9,133,037)</u>
Change in Net Assets	1,073,210
Net Assets, beginning	<u>81,137,130</u>
Net Assets, ending	<u>\$ 82,210,340</u>

City of Alexandria, Louisiana
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Notes to Financial Statements

Condensed Statement of Cash Flows

Net cash provided (used) by	
Operating activities	\$16,555,850
Noncapital financing activities	(8,447,135)
Capital and related financing activities	(11,772,454)
Investing activities	<u>4,751,047</u>
Net increase	\$ 1,087,308
Cash and cash equivalents, beginning	<u>362,182</u>
Cash and cash equivalents, ending	<u>\$ 1,449,490</u>

Segment information for the Utilities System Enterprise Fund for the fiscal year ended April 30, 2005, follows:

	<u>Total</u>	<u>Electric</u>	<u>Gas</u>	<u>Water</u>	<u>Waste Water</u>
Operating revenues	\$ 81,857,182	\$ 56,918,384	\$ 14,139,718	\$ 6,602,182	\$ 4,196,898
Operating expenses					
Depreciation	(6,163,605)	(2,472,329)	(1,246,773)	(914,559)	(1,529,944)
Other	<u>(63,385,128)</u>	<u>(40,914,980)</u>	<u>(14,144,020)</u>	<u>(3,825,395)</u>	<u>(4,500,733)</u>
Operating income (loss)	\$ 12,308,449	\$ 13,531,075	\$ (1,251,075)	\$ 1,862,228	\$ (1,833,779)

13. Dedication of Proceeds - Flow of Funds - City Sales and Use Tax

Proceeds of the 1976 one percent (1%) City Sales and Use Tax are dedicated to the following purposes:

- a. One-half is to be used for maintenance and operating expenses of the City.
- b. The other one-half is to be used in the following order of priority:
 1. On or before the 20th day of each month, there shall be transferred to a Sales Tax Bond Sinking Account in the Debt Service Fund an amount equal to 1/6th of the interest falling due on the next interest payment date and 1/12th of the principal falling due on the next principal payment date of all sales tax bond issues outstanding.
 2. Any funds remaining after the above transfers will be considered surplus and may be used for constructing, acquiring, extending, and/or improving capital improvements for the City (including, but not limited to, major thoroughfares and arterial streets with related improvements, major drainage systems, a civic convention center complex, parks, and parking facilities).

City of Alexandria, Louisiana
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Notes to Financial Statements

Proceeds of the 1998 one-percent (1%) City Sales and Use Tax are dedicated to fund General Fund operations including:

- a. No less than one-third the tax collected is dedicated to fire, police, and General Fund classified employees' salaries.
- b. Replace General Fund revenues lost from Federal and State government funding cuts from previous years.
- c. Street repair; street cleaning; maintenance of city drainage systems; grass cutting; maintenance of parks and recreational facilities; police and fire services and programs; general building maintenance; demolition of condemned structures; and city planning.

14. Flow of Funds - Restrictions on Use - Utilities System Enterprise Fund

The utility revenue bonds were issued pursuant to bond ordinances, which provide substantially the following terms:

The City, through its governing authority, has covenanted to fix, establish, maintain and collect such rates, fees, rents or other charges for the services and facilities of the Utilities System, and all parts thereof, and to revise the same from time to time whenever necessary, as will always provide revenues in each year sufficient to pay the necessary expenses of administering, operating, and maintaining the Utilities System in each year, 120% of the principal and interest maturing on the bonds or other obligations payable therefrom as the same shall become due and payable in each year, all reserves or sinking funds or other payments required for such year by the Bond Ordinance, and all other obligations or indebtedness payable out of the revenues of the Utilities System for such year, and that such rates, fees, rents or other charges shall not at any time be reduced so as to be insufficient to provide adequate revenues for such purposes.

The City has further covenanted that all of said income and revenues earned or derived from the operation of the Utilities System shall be deposited daily as the same may be collected in the Utilities System Fund heretofore established with the regularly designated fiscal agent of the City pursuant to the Bond Resolutions; that said fund shall be maintained and administered in the following order of priority and for the following express purposes:

- (a) The payment of all reasonable expenses of administration, operation, and maintenance of the Utilities System.
- (b) The maintenance of the Sinking Funds established pursuant to the bond resolutions sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds and any additional pari passu bonds issued hereafter in the manner provided by the bond ordinance, as they severally become due and payable, by transferring from the Utilities System Fund to the Sinking Funds established pursuant to the bond resolutions, monthly in advance on or before the 20th day of each month of each year, a sum equal to 1/6th of the interest falling due on the next interest payment date, and a sum equal to 1/12th of principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. The depository for the Sinking Funds shall transfer from said Sinking Funds to the paying agent bank or banks for all bonds payable from said Fund at least one day in advance of the date on which each payment of principal or interest falls due, funds fully sufficient to pay promptly the principal and interest so falling due on such date.

City of Alexandria, Louisiana
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Notes to Financial Statements

- (c) The maintenance of the Reserve Funds established pursuant to the bond resolutions by transferring from the proceeds of the bonds a sum equal to the lesser of (i) 10% of the proceeds of the bonds or (ii) an amount which, together with moneys on deposit in the Reserve Funds, will equal the highest combined principal and interest requirements for any succeeding fiscal year on the bonds (the "Reserve Funds Requirement"), and if such moneys do not cause the balance in the Reserve Funds to equal the Reserve Funds Requirement, by transferring from said Utilities System Fund to the Reserve Funds established pursuant to the bond resolutions, monthly in advance on or before the 20th day of each month of each year, a sum at least equal to 20% of the amount required to be paid into the aforesaid Sinking Fund specified in paragraph (b) above, the payments into said Reserve Funds to continue until such time as there has been accumulated therein a sum equal to the Reserve Funds Requirement. The money in the Reserve Funds shall be retained solely for the purpose of paying the principal of and interest on Bonds payable from the aforesaid Sinking Fund specified in paragraph (b) above as to which there would otherwise be default. In the event that additional pari passu bonds are issued hereafter in the manner provided by the bond ordinance, the payments into said Reserve Fund shall continue, or if the said payments have ceased because of the accumulation of the maximum amount provided above, then such payments shall be resumed, until such time as there has been accumulated in said Reserve Funds an amount of money equal to the highest combined principal and interest requirements in any succeeding fiscal year on all outstanding bonds, including such additional pari passu bonds.

The indentures for Utilities Revenue Bonds, Series 2004 provided for the establishment and maintenance of a "Reserve Fund - 2004". The City had the option of funding the Reserve Fund - 2004 by (i) depositing a sum equal to the reserve fund requirement into the Reserve Fund - 2004, or (ii) depositing to the credit of the Reserve Fund - 2004 a surety bond, letter of credit or insurance policy equal to the reserve fund requirement. The City satisfied the reserve fund requirement by depositing to the credit of the Reserve Fund - 2004 the surety bond issued by the reserve insurer.

- (d) The maintenance of the Capital Additions and Contingencies Fund established pursuant to the bond resolutions to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the Utilities System by transferring from said Utilities System Fund to the Capital Additions and Contingencies Fund established by the bond resolutions, monthly on or before the 20th day of each month of each year, a sum equal to nine percent (9%) of the gross revenues of the Utilities System for the preceding month, provided that such sum is available after provision is made for the payments required under paragraphs (a), (b), and (c) above. Such payments into the Capital Additions and Contingencies Fund shall continue until such time as there has been accumulated in said Fund the sum of one million dollars (\$1,000,000), whereupon such payments may cease and need be resumed thereafter only if the total amount of money on deposit in said fund is reduced below the sum of one million dollars (\$1,000,000), in which event such payments shall be resumed and continue until said maximum of one million dollars (\$1,000,000) is again accumulated. In addition to caring for extensions, additions, improvements, renewals, and replacements necessary to properly operate the Utilities System, the money in the Capital Additions and Contingencies Fund shall also be used to pay the principal of and the interest on the bonds, including any additional pari passu bonds issued hereafter in the manner provided by the bond ordinance, for the payment of which there is not sufficient money in the Sinking Fund and Reserve Fund

City of Alexandria, Louisiana
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Notes to Financial Statements

described in paragraphs (b) and (c) above, but the money in said Capital Additions and Contingencies Fund shall never be used for the making of improvements and extensions to the Utilities System or for payment of principal or interest on Bonds if the use of said money will leave in said Capital Additions and Contingencies Fund for the making of emergency repairs or replacements less than the sum of twenty-five thousand dollars (\$25,000).

Any moneys remaining in said Utilities System Fund after making the above required payments may be used by the City for the purpose of calling and/or purchasing and paying any bonds payable from the revenues of the Utilities System, or for such other lawful corporate purposes as the governing authority may determine, whether such purposes are or are not in relation to the Utilities System.

If at any time it shall be necessary to use moneys in the Reserve Fund or the Capital Additions and Contingencies Fund above provided for the purpose of paying principal of or interest on bonds payable from the aforesaid Sinking Fund as to which there would otherwise be default, then the moneys so used shall be replaced from the revenues first thereafter received, not herein above required to be used for administration, operation, and maintenance or for current principal, interest, and reserve requirements. If at any time there are sufficient moneys on deposit in the Reserve Fund and Capital Additions and Contingencies Fund to retire all outstanding bonds payable from the Sinking Fund by exercising the redemption option provided by such bonds or by purchase on the open market, the City may utilize such funds for such purpose.

All or any part of the moneys in the Reserve Fund and the Capital Additions and Contingencies Fund shall, at the written request of the City, be invested in one or both of the following if and to the extent that the same are legal for the investment of funds of the City: (a) direct obligations of the United States of America, or (b) negotiable or non-negotiable certificates of deposit issued by any bank, trust company, or national banking association provided (i) such certificates of deposit are continuously and at all times secured by direct obligations of the United States of America having a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit, and (ii) interest is paid thereon to the extent of one hundred percent (100%). All income derived from such investments shall be added to the money in said respective funds or to the Utilities System Fund, and such investments shall, to the extent at any time necessary, be liquidated and the proceeds thereof applied to the purpose for which the respective funds are created.

15. Utilities System Fund Power Purchase Contract Commitment

On November 15, 1982, the City entered into an electric power purchase contract with Louisiana Energy and Power Authority (LEPA), a political subdivision of the State of Louisiana, which acquired an interest in the Rodemacher Unit Number 2, a low sulfur-coal burning power plant. The City is obligated to pay 52.83% of the fixed project costs allocated to LEPA plus energy related costs when the unit is operable. This contract expires at the later of (1) the date all outstanding bonds of LEPA have been paid, (2) the date the joint operating agreement entered into by LEPA is terminated and settlement of all costs are completed, or (3) July 1, 2032.

As part of the contract, the City agreed not to issue bonds, notes, or other evidences of indebtedness or enter into any contract to incur any expenses payable from or secured by revenues of the combined utilities system superior to or having a priority over the obligation to pay for the costs incurred under this contract.

City of Alexandria, Louisiana
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Notes to Financial Statements

16. Defined Benefit Pension Plans

The City contributes to three single-employer defined benefit pension plans. The City also contributes to four statewide cost-sharing, multiple-employer, defined benefit public employee retirement systems.

Information relative to the four statewide cost-sharing, multiple-employer, defined benefit public employee retirement systems is presented below:

Municipal Police Employees' Retirement System of Louisiana (MPERS)

Plan Description. Membership is mandatory for all full-time police officers employed by the City, provided they meet statutory criteria. Any member is eligible for normal retirement benefits after participant has been a member of the System for one (1) year, if participant has twenty-five (25) years of creditable service at any age, or if participant has twenty (20) years of creditable service and is age fifty (50), or has twelve (12) years of creditable service and is age fifty-five (55). Benefit rates are three and one-third percent (3 $\frac{1}{3}$ %) of final compensation per number of years of creditable service not to exceed one hundred percent (100%). Benefit and contribution requirements are established by state law. MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Police Employees' Retirement System, P. O. Box 94095, Baton Rouge, LA 70804-9095.

Funding Policy and Annual Pension Costs. Members are currently required to contribute seven and one-half percent (7 $\frac{1}{2}$ %) of their annual salary to the system, including supplemental pay. The City contributes an actuarially determined rate, presently set at twenty-one and one-half percent (21 $\frac{1}{2}$ %) of the member's salary, including supplemental pay. The City's contributions to MPERS, for the fiscal years ended April 30, 2005, 2004, and 2003, were \$1,193,705, \$873,093 and \$537,788, respectively.

Firefighters' Retirement System of Louisiana (FRS)

Plan Description. This Plan is a defined benefit pension plan covering firemen employed by a municipality, parish, or fire protection district of the State hired after December 31, 1979. Employees with twenty (20) or more years of service who have attained age fifty (50), employees who have twelve (12) years of service who have attained age fifty-five (55), or employees who have twenty-five (25) years of service at any age are entitled to annual pension benefits equal to three and one-third percent (3 $\frac{1}{3}$ %) of their average final compensation based on the thirty-six (36) consecutive months of highest pay multiplied by their total years of service, not to exceed one hundred percent (100%). Employees may elect to receive their pension benefits in the form of a joint and/or survivor annuity. If employees terminate before rendering twelve (12) years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. Benefit and contribution requirements are established by state law. FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, LA 70809.

Funding Policy and Annual Pension Costs. Members are currently required to contribute eight percent (8%) of their annual salary, including supplemental pay to the Plan. The City contributes an actuarially determined rate, presently at twenty-one percent (21%) of the member's salary, including supplemental pay. The City's contributions to FRS, for the fiscal years ended April 30, 2005, 2004, and 2003, were \$933,738, \$840,007 and \$360,702, respectively.

City of Alexandria, Louisiana
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Notes to Financial Statements

Louisiana State Employees' Retirement System (LASERS)

Plan Description. All state employees, except certain classes of employees specifically excluded by statute, become members of the system as a condition of employment. Statewide elected officials and officials appointed by the governor may, at their option, become members of the System. The only member of this System from the City is the City Court Judge. The age and years of creditable service required in order for a member to retire with full benefits are established by Statute and vary depending on the member's employer and job classification. The substantial majority of members may retire with full benefits at ages ranging from any age upon completing thirty (30) years of creditable service to age sixty (60) upon completing ten (10) years of creditable service.

The basic annual retirement benefit for substantially all members is equal to two and one-half percent (2½%) of average compensation multiplied by the number of years of creditable service plus three hundred dollars (\$300). Average compensation is defined as the member's average annual earned compensation for the period of thirty-six (36) consecutive months of employment during which the member's aggregate earned compensation was greatest. The maximum annual retirement benefit cannot exceed the lesser of one hundred percent (100%) of average compensation or certain specified dollar amounts or actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges and court officers and certain elected officials receive an additional annual retirement benefit equal to one percent (1%) of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the above basic retirement benefit, a member may elect to receive his retirement benefits under any one of four different options providing for a reduced retirement benefit payable throughout his life with certain benefits being paid to his designated beneficiary after his death.

Benefit and contribution requirements are established by state law. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Louisiana State Employees' Retirement System, P. O. Box 44213, Baton Rouge, LA 70804-4213.

Funding Policy and Annual Pension Costs. Judges, court officers, and legislators contribute eleven and one-half percent (11 ½%) of their salary to the System. The City contributes an actuarially determined rate, presently set at seventeen and eight-tenth percent (17.80%) of the member's annual salary. The City's contributions to LASERS for the years ended April 30, 2005, 2004, and 2003 were \$6,233, \$5,677 and \$1,324, respectively.

Parochial Employees' Retirement System of Louisiana (PERSL)

Plan Description. The only member of this System from the City of Alexandria is the Clerk of City Court. Participants become fully vested after ten (10) years of service. Any member is eligible for normal retirement at age sixty (60) with at least ten (10) years of creditable service, at age fifty-five (55) with twenty-five (25) years of creditable service, or at any age with at least thirty (30) years of creditable service. The retirement benefit, payable monthly for life, is equal to three percent (3%) of the member's final-average salary for each year of creditable service not to exceed the greater of one hundred percent of final salary (last 12 months) or final average compensation. Final average salary is the employee's average salary over the thirty-six (36) consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefit and contribution requirements are established by state law. PERSL issues a publicly available financial report that may be obtained by writing to the Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, LA 70898-4619.

City of Alexandria, Louisiana
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Funding Policy and Annual Pension Costs. The member contributes nine and one-half percent (9½%) of their salary to the System. The City presently contributes eleven and three-fourths percent (11¾%) to the System as an employer match. The City's contributions to PERSL, for the fiscal years ended April 30, 2005, 2004, and 2003, were \$2,137, \$1,506 and \$1,339, respectively.

Information relative to the three single-employer defined benefit pension plans is presented below:

City of Alexandria Employees' Retirement System (COAERS)

Plan Description. Substantially all employees of the City, except firemen and policemen, become members of the COAERS as a condition of employment. The COAERS provides retirement benefits, disability benefits, and survivors' benefits. Members with ten (10) years of creditable service may retire at age sixty-two (62); members with at least twenty (20) years of creditable service may retire at age fifty-five (55); members with thirty (30) years of service may retire regardless of age. The retirement allowance is equal to three percent (3%) of the member's average compensation multiplied by his number of years of creditable service, not to exceed one hundred percent (100%) of his average compensation. Average compensation is defined as the highest three year average annual compensation. Retirement benefits vest after ten (10) years of creditable service. Benefit and contribution provisions are established by state law. COAERS issues a publicly available financial report that may be obtained by writing to the City of Alexandria Employees' Retirement System, P.O. Box 71, Alexandria, Louisiana 71309-0071.

Funding Policy and Annual Pension Cost. For the COAERS, employees are required by statute to contribute ten percent (10%) of their salary to the System. The City is required by statute to contribute remaining amounts necessary to finance the COAERS at an actuarially determined rate currently set at 25.23%. The City's contributions to COAERS, for the fiscal years ended April 30, 2005, 2004, and 2003, were \$3,686,348, \$2,791,634 and \$2,670,685, respectively.

Policemen's Pension and Relief Fund (PPARF)

Plan Description. Effective September 1, 1983, this plan was merged into the statewide Municipal and State Police Employees' Retirement System. The Fund remains liable for retirement benefits in the event that a policeman hired prior to August 1, 1976, retires before reaching age fifty (50) or twenty-five (25) years of eligible service. Retirement benefits vest after twenty (20) years of creditable service. The member may retire after twenty (20) years of eligible service at two-thirds (2/3) of the highest average monthly salary for any continuous twelve (12) month period of time worked prior to retirement. Upon reaching age fifty (50) or twenty-five (25) years of eligible service, the retiree transfers to the Municipal and State Police Employees' Retirement System. Benefit and contribution requirements are established by state law. PPARF issues a publicly available financial report that may be obtained by writing to the Policemen's Pension and Relief Fund of the City of Alexandria, P. O. Box 71, Alexandria, Louisiana 71309-0071.

Funding Policy and Annual Pension Cost. For the PPARF, members are not required to contribute to the funds. The City is required to contribute an amount sufficient to meet the operating deficit of each fund without regard for reserve requirements accruing or having accrued on an actuarial basis. The City's contributions to PPARF, for the fiscal years ended April 30, 2005, 2004, and 2003, were \$-0-, \$16,394 and \$28,617, respectively.

During the current year the fund was terminated since all potential retirement obligations of the fund ceased and the balance of the assets were transferred to the general fund.

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Notes to Financial Statements

Firemen's Pension and Relief Fund (FPARF)

Plan Description. Effective May 1, 1993, the Fund merged into the statewide Firefighters' Retirement System (FRS). On this date, all retirees and survivors receiving benefits, at April 30, 1993, transferred to the FRS. In the event that a firefighter, hired prior to January 1, 1980, exercises his or her right to a twenty (20) year retirement any time under the age of fifty (50) and is not eligible to receive benefits from the state FRS, then the Fund shall provide benefits until that person is eligible for benefits under the FRS. In addition, the City of Alexandria and the Fund guaranteed that if a firefighter dies, retires, or becomes disabled subsequent to the merger, then the Fund shall pay to the firefighter, or the firefighter's survivors and/or beneficiaries, the difference, if any, where those benefits payable under the Fund prior to the merger exceed those benefits payable under the FRS. Benefits and contribution provisions are established by state law. FPARF issues a publicly available financial report that may be obtained by writing to the Firemen's Pension and Relief Fund of the City of Alexandria, P. O. Box 71, Alexandria, Louisiana 71309-0071.

Funding Policy and Annual Pension Cost. For the FPARF, members are not required to contribute to the funds. The City is required to contribute an amount sufficient to meet the operating deficit of each fund without regard for reserve requirements accruing or having accrued on an actuarial basis. The City's contributions to FPARF for the years fiscal ended April 30, 2005, 2004, and 2003, were \$25,000, \$30,000 and \$50,000, respectively.

For all three of the single-employer defined benefit pension plans of the City, benefit and contribution provisions are established by state law and may be amended only by the Louisiana Legislature.

The City's annual pension cost for the current year and related information for each of the City's single-employer plans is as follows:

	<u>COAERS</u>	<u>PPARF</u>	<u>FPARF</u>
Contribution rate			
City	25.23%	n/a	n/a
Plan members	10.00%	n/a	n/a
Annual pension cost	\$ 3,686,348	\$ -0-	\$ 25,000
Contributions made	\$ 3,686,348	\$ -0-	\$ 25,000
Actuarial valuation date	12/31/04	n/a	n/a
Actuarial cost method	Frozen Entry Age Normal	n/a	n/a
Remaining amortization period	15 years	n/a	n/a
Asset valuation method	Three year smoothing for stocks. Other assets at amortized cost.	n/a	n/a

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

	<u>COAERS</u>	<u>PPARF</u>	<u>FPARF</u>
Actuarial assumptions			
Investment rate of return	8.00%	n/a	n/a
Projected salary increases	5.50%	n/a	n/a
Includes inflation rate of	3.25%	n/a	n/a
Includes merit raises at	2.25%	n/a	n/a
Cost of living adjustments	None	n/a	n/a

Three Year Trend Information

	<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
City of Alexandria	04/30/05	\$ 3,686,348	100%	\$ -
Employees' Retirement	04/30/04	2,791,634	100	-
System	04/30/03	2,670,685	100	-
Policemen's Pension	04/30/05	\$ -	100%	\$ -
and Relief Fund	04/30/04	16,394	100	-
	04/30/03	28,617	100	-
Firemen's Pension	04/30/05	\$ 25,000	100%	\$ -
and Relief Fund	04/30/04	30,000	100	-
	04/30/03	50,000	100	-

17. Defined Contribution Pension Plan

The City sponsors a defined contribution plan (the Plan) available to unclassified employees who elect to participate. The Plan is administered by a third party administrator. The City's covered payroll for employees participating in the Plan for the current year was \$804,516. Employer contributions for the fiscal year were \$199,403 or 25.33% of covered payroll. Employees do not contribute to the plan.

Under the provisions of the Plan, City contributions are determined annually and contributions are allocated to participants based on participant's compensation. All monies in the employee's accounts, including the City's contributions, are immediately vested.

18. Leases

A. City as Lessee

On March 29, 1995, the City entered into a lease agreement with the England Economic and Industrial Development District (EEIDD) to lease the natural gas, water, and waste water systems located within the England Airpark. The term of the lease is for twenty (20) years beginning March 29, 1995 and ending March 28, 2015. The lease agreement provides that the City shall pay the EEIDD as rent under the lease five percent (5%) of gross charges for service billed to customers located within the Airpark boundaries including gross charges billed to the EEIDD. Lease payments are due to the EEIDD on May 15th and November 15th. It is not possible to determine the future minimum rental payments due under this lease. The City paid the EEIDD a total of \$18,320 under this lease during the fiscal year ended April 30, 2005.

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

On January 11, 2000, the City entered into a proposal between Community Receiving Homes, Inc. and the City of Alexandria concerning the leasing of 74.92 acres of land adjacent to the intersection of LA Hwy 28 West and LA Hwy 3504 in Rapides Parish, Louisiana. The terms of the proposal provided in part for the following:

- A) The City of Alexandria agrees to lease from Community Receiving Homes, Inc. the front 16.47 acres bordering LA Hwy 28 West for the sum no less than \$100.00 annually per acre, or one thousand six hundred forty-seven and no/100 dollars (\$1,647.00) annually. Term of the lease to be 50 years from date of inception, beginning January 1, 2000.
- B) The City of Alexandria agrees to lease from Community Receiving Homes, Inc. the remaining 58.45 acres for a sum not less than \$100.00 per acre annually, or five thousand eight hundred forty-five and no/100 (\$5,845.00) annually. Term of the lease to be 5 years from date of inception beginning January 1, 2000.

Annual lease payments total \$7,492.00, however, since no formal lease agreements were executed regarding this proposal, it is not practical to reflect future minimum rental payments under this arrangement.

B. City as Lessor

The City is the lessor of property under operating leases expiring in various years. The following is a summary of property on lease at April 30, 2005:

	<u>Cost</u>
Startek Building	\$ 3,522,632
Convention Center Complex	3,301,568
	<u>\$ 6,824,200</u>

Total lease revenues for the fiscal year, consisting solely of minimum rentals on the above leases, amounted to \$162,305.

Minimum future rentals to be received on non-cancelable leases as of April 30, 2005, for each of the next five years and in the aggregate are:

<u>Year ended April 30,</u>	<u>Amount</u>
2006	\$ 162,305
2007	162,305
2008	162,305
2009	119,870
2010	35,000
Thereafter	<u>198,333</u>
Total Minimum Future Rentals	\$ 840,118

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

19. Compensation Paid to Members of The City Council

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following report reflects compensation paid to members of the City Council, City of Alexandria, for the fiscal year ended April 30, 2005.

Charles L. Fowler, Jr.	\$ 18,000
Everett Hobbs	18,000
Myron K. Lawson	18,000
Louis J. Marshall	18,000
Charles F. Smith	18,000
Richard L. Ranson, Jr.	18,000
Roosevelt L. Johnson	18,000

20. Contingencies

Management has not calculated the possible rebate of arbitrage interest, as of April 30, 2005, on each of the recent tax exempt bond issues. The contingent liability, stated simply, is the interest earned from the investment of unspent bond proceeds that is in excess of the amount of earnings that would have been obtained had the investment rate been equal to the yield on the bonds. Since the rebate calculation is a cumulative calculation performed until all proceeds have been expended, management believes that the amount of the contingent liability for arbitrage interest, if any, will be eliminated in future years. In the event that the contingent liability for arbitrage interest is not eliminated, the City will be liable for remittance of the rebate amount, as subsequently calculated, to the federal government.

On August 19, 1983, the City of Alexandria entered into a merger contract with the Municipal Police Employees' Retirement System (MPERS). The purpose of the merger was to transfer all active policemen who were then participating in the City's Policemen's Pension and Relief Fund into the state wide retirement system. In conjunction with the merger of active policemen with MPERS, the City entered into a private agreement, "No Loss of Benefit Guarantee," with the local policemen which guaranteed that no member would lose any rights or benefits that the member would have been entitled to under the Policemen's Pension and Relief Fund. There are potential claims where certain retired employees may file an action against the City as a result of this merger. The essence of the unasserted claims is the position of certain retired police officers that some have a significant difference in benefits received from MPERS and the benefits that would have been received under the old Policemen's Pension and Relief Fund due to the fact that under MPERS overtime is not considered in computing retirement benefits. There are significant questions as to whether there is an actual obligation that the City would owe. If there is no obligation, then the City would be prohibited by the state constitution from responding to the unasserted claims.

During fiscal years ended April 30, 1995 and April 30, 1996, the City was awarded funds by the Louisiana Department of Social Services, Office of Community Services, through the HUD Emergency Shelter Grants Program (ESGP) pursuant to Subpart B of Title IV of the Stewart B. McKinney Homeless Assistance Act, Pub. L. 100-77 and Title 24 C.F.R. Part 576, CFDA 14.321. Funds totaling \$102,894 were received. The grant funds were used for the purpose of providing homeless transitional shelter for patients with AIDS/HIV and other terminal illness. The funds were provided to Shepherd Ministries, Inc., (a non-profit organization) as recipient, for the aforementioned purpose and expended through a program commonly known as Maison de Coeur. Funds were used for renovation of a building provided by Christus

City of Alexandria, Louisiana
April 30, 2005

Notes to Financial Statements

St. Frances Cabrini Hospital. An agreement with Cabrini contained a reversionary clause, which provided that the building would return to Cabrini in the event the program ceased operations. The shelter care program terminated on July 31, 2000. An alternative use for the building and improvements has not been found and under the terms of the agreement the building reverted to Cabrini. ESGP regulations provide that the building (renovated with grant funds) must be retained as a shelter for a period of ten (10) years. Accordingly, an undetermined amount of the federal funding of \$102,894 may be required to be returned to the state funding agency. Since Shepherd Ministries, Inc., no longer exists as an entity, the City of Alexandria has a contingent liability for repayment of these funds.

21. Compliance With Bond Ordinance No. 56-2003

Section 8.e. of Bond Ordinance No. 56-2003, Utilities Revenue Refunding Bonds, Series 2003, provides the following: "Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following."

1. A statement in detail of the income and expenditures of the Utilities System for such fiscal year. *See Exhibit H, Page 27.*
2. A balance sheet as of the end of such fiscal year. *See Exhibit G, Page 26.*
3. The accountant's comments regarding the manner in which the Issuer has carried out the requirements of this Bond Ordinance, and the accountant's recommendations for any changes or improvements in the operation of the Utilities System or the method of keeping the records related thereto. *See Special Letter, Page 94.*
4. A list of the insurance policies in force at the end of the Fiscal year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy. *See Schedule 5, Pages 74-75.*
5. The number of metered water, gas, electric and sewerage customers and the number of unmetered water, gas, electric, and sewerage customers, if any. *See Schedule 4, Page 73.*
6. Description of the withdrawal of any Utilities System user comprising 4% or more of Utilities System sales measured in terms of revenue dollars, since the last audit. *None.*
7. An analysis of additions, replacements, and improvements to the physical properties of the Utilities System, including a description of any significant facility retirements or expansions planned or undertaken since the last audit. *See Note 6 to Financial Statements, Pages 46-48.*

Required Supplemental Information - Part II

**City of Alexandria, Louisiana
General Fund
Budgetary Comparison Schedule
For the Year Ended April 30, 2005**

Schedule 1

**Variance with
Final Budget -
Positive
(Negative)**

	Budgeted Amounts		Actual	
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 1,821,000	\$ 1,908,000	\$ 1,980,124	\$ 72,124
Sales taxes	5,721,627	5,893,276	6,611,397	718,121
Other	125,000	125,000	246,471	121,471
Intergovernmental	1,659,764	2,090,353	1,856,462	(233,891)
Fees, commissions, and fines	496,000	557,000	587,222	30,222
Licenses and permits	2,093,200	2,093,200	2,587,074	493,874
Charges for services	208,430	230,430	247,829	17,399
Investment earnings	-	20,000	41,578	21,578
Miscellaneous	147,700	373,005	400,461	27,456
Total Revenues	12,272,721	13,290,264	14,558,618	1,268,354
Expenditures				
Current				
General government	5,297,149	7,039,665	6,852,460	187,205
Public safety	17,365,909	18,812,576	17,766,039	1,046,537
Public works	6,866,695	7,519,498	6,906,877	612,621
Capital outlay	1,449,300	2,018,819	1,647,340	371,479
Debt service				
Principal	730,000	730,000	730,000	-
Interest and other charges	1,120,049	1,120,049	1,120,049	-
Total Expenditures	32,829,102	37,240,607	35,022,765	2,217,842
Deficiency of Revenues over Expenditures	(20,556,381)	(23,950,343)	(20,464,147)	3,486,196
Other Financing Sources (Uses)				
Transfers in	21,496,886	21,925,130	25,033,838	(3,108,708)
Transfers out	(2,750,329)	(1,889,802)	(2,204,642)	314,840
Transfers from fiduciary funds	-	-	216,756	(216,756)
Proceeds from sale capital assets	40,000	241,684	373,559	(131,875)
Total Other Financing Sources and Uses	18,786,557	20,277,012	23,419,511	(3,142,499)
Net Change in Fund Balances	(1,769,824)	(3,673,331)	2,955,364	(6,628,695)
Fund Balances, Beginning of Year	8,118,958	8,118,958	8,118,958	-
Fund Balances, End of Year	\$ 6,349,134	\$ 4,445,627	\$ 11,074,322	\$ (6,628,695)

See independent auditor's report.

City of Alexandria, Louisiana
City Sales Tax Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended April 30, 2005

Schedule 2

Variance with
Final Budget -
Positive
(Negative)

	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Sales taxes	20,681,870	21,198,918	23,601,445	2,402,527
Total Revenues	<u>20,681,870</u>	<u>21,198,918</u>	<u>23,601,445</u>	<u>2,402,527</u>
Other Financing Sources (Uses)				
Transfers out	(20,681,870)	(21,198,918)	(23,449,207)	2,250,289
Total Other Financing Sources and Uses	<u>(20,681,870)</u>	<u>(21,198,918)</u>	<u>(23,449,207)</u>	<u>2,250,289</u>
Net Change in Fund Balances	-	-	152,238	(152,238)
Fund Balances, Beginning of Year	<u>129,227</u>	<u>129,227</u>	<u>129,227</u>	-
Fund Balances, End of Year	<u>\$ 129,227</u>	<u>\$ 129,227</u>	<u>\$ 281,465</u>	<u>\$ (152,238)</u>

See independent auditor's report.

Supplemental Information

City of Alexandria, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2005

Schedule 3

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Grant Number	Award Amount	Amount Expended	Amount Provided Subrecipients
U. S. Department of Agriculture					
Forestry Service					
Passed-through the State of Louisiana					
Cooperative Forestry Assistance	10.664		\$ 10,000	\$ 8,384	\$ -
U.S. Department of Commerce					
Economic Development Administration					
Direct					
Grants for Public Works and Economic					
Development Facilities	11.300		900,000	753,075	-
U.S. Department of Housing and Urban Development					
Community Planning and Development					
Direct					
Community Development Block Grants/Entitlement Grants	14.218	Various	7,548,243	1,220,384	50,114
Passed-through the State of Louisiana					
Emergency Shelter Grants Program	14.231	Various	179,922	59,118	59,118
Agency Totals			7,728,165	1,279,502	109,232
U.S. Department of Justice					
Bureau of Justice Assistance					
Direct					
Local Law Enforcement Block Grants Program	16.592	Various	115,378	110,170	-
Edward Byrne Memorial State and Local Law Enforcement					
Assistance Discretionary Grants Program	16.580	2004DDBX1160	67,000	67,000	-
Bulletproof Vest Partnership Program	16.307	03015499	188,886	21,683	-
Passed-through the State of Louisiana					
Byrne Formula Grant Program	16.579	Various	140,614	64,959	-
Community Prosecution and Project Safe Neighborhoods	16.609	F03-8-007	63,019	38,174	-
Office of Juvenile Justice and Delinquency Prevention					
Passed-through the State of Louisiana					
Title V Delinquency Prevention program	16.548	Various	49,654	14,973	-
Agency Totals			624,551	316,959	-
U.S. Department of Transportation					
Federal Transit Administration					
Direct					
Federal Transit Formula Grants	20.507	Various	4,946,567	623,826	-
National Highway Traffic Safety Administration					
Passed-through the State of Louisiana					
State and Community Highway Safety	20.600	Various	48,791	17,476	-
Agency Totals			4,995,358	641,302	-
U.S. Department of Homeland Security					
Direct					
Assistance to Firefighters Grant	97.044	EMW-2003-FG-12089	158,400	158,400	-
Passed-through the Rapides parish Office of Homeland Security					
Public Assistance Grants	97.036	079-99079-00	4,967	4,967	-
State Homeland Security Program	97.073		86,122	86,122	-
Agency Totals			249,489	249,489	-
TOTALS			\$ 14,507,563	\$ 3,248,711	\$ 109,232

Note:

Expenditures for CFDA #20.507 are reported on the accrual basis of accounting. All other expenditures on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting. Note 1 to the financial statements provides additional information relative to the City's accounting policies.

See independent auditor's report.

**City of Alexandria, Louisiana
Utilities System Enterprise Fund
Unaudited Summary of Utility Service Customers
April 30, 2005**

Schedule 4

<u>Type of Service</u>	<u>Number of Customers April 30, 2005</u>
Electricity	24,749
Water	20,475
Gas	16,686
Wastewater	16,598

See independent auditor's report.

City of Alexandria, Louisiana
Unaudited Listing of Insurance in Force
April 30, 2005

Schedule 5
(Continued)

Property

Insurer: Allianz Insurance Company

Expiration date: May 6, 2005

Coverage:

Real property, comprising buildings, and personal property

Self-insured retention:

\$100,000 per occurrence deductible

Policy limits of liability:

\$225,000,000 per occurrence with specified sublimits

Boiler and Machinery

Insurer: Continental Casualty Company

Expiration date: May 6, 2005

Coverage:

Comprehensive boiler and machinery coverage including production machines

Loss retention:

Varies with a minimum of \$50,000 per occurrence

Policy limits of liability:

\$25,000,000 per accident with specified sublimits

General Liability/Law Enforcement

Insurer: Clarendon America Insurance Company

Expiration date: May 6, 2005

Coverage:

Bodily injury and property damage, personal and advertising injury,
and law enforcement liability

Self-insured retention:

\$500,000 each and every loss and/or claim and/or occurrence

Policy limits of liability:

\$1,000,000 each and every loss and/or occurrence Combined Single Limit

\$3,000,000 in the aggregate annually as respects products/completed operations.

Public Officials Errors and Omissions

Coverage:

Any actual or alleged error or misstatement, omission, act of neglect or breach
of duty including misfeasance, malfeasance and non-feasance by the Insured;
includes actual or alleged violations of US or state constitutions or any law
affording protection for civil rights

City of Alexandria, Louisiana
Unaudited Listing of Insurance in Force
April 30, 2005

Schedule 5
(Concluded)

Employee Benefits Liability

Insurer: Clarendon America Insurance Company

Expiration date: May 6, 2005

Coverage:

Any negligent act, error or omission in the administration of the Insured's
employee benefits programs

Self-insured retention:

\$500,000 each and every loss and/or claim and/or occurrence

Policy limits of liability:

\$1,000,000 each and every loss and/or occurrence Combined Single Limit

\$3,000,000 in the aggregate annually as respects products/completed operations.

Specific Excess Workers' Compensation and Employers Liability Indemnity

Insurer: Midwest Employers Casualty Company

Expiration date: May 6, 2005

Coverage:

Workers' compensation - statutory

Employers' liability - any cause of action by an employee against the City for bodily injury or disease
in the course of employment

Loss retention:

\$500,000 per occurrence

Policy limits of liability:

Workers' compensation - statutory

Employers' liability - \$1,000,000 per occurrence

Public Officials Bond

Insurer: Western Surety Bond

Expiration Date: September 9, 2005

Coverage: Mayor

Policy limits of liability: \$100,000

Fidelity Bond

Insurer: Fidelity and Deposit Company of Maryland

Expiration date: May 11, 2005

Coverage: Tax Collector

Policy limits of liability: \$10,000

Public Employees Honesty Bond

Insurer: Fidelity and Deposit Company of Maryland

Expiration date: September 1, 2005

Coverage:

Employees in the Divisions of Finance, Public Works, Planning and CADS

Loss retention: \$1,000 per occurrence

Policy limits of liability: \$100,000 per employee

See Independent Auditor's Report.

**Other Reports Required by
Government Auditing Standards
and OMB Circular A-133**

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
the Basic Financial Statements Performed
in Accordance with *Government Auditing Standards***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
the Basic Financial Statements Performed
in Accordance with Government Auditing Standards**

The Honorable Mayor and City Council
City of Alexandria, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria, Louisiana, as of and for the year ended April 30, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 13, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Alexandria, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as Finding 2005-01 through Finding 2005-03.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider Finding 2005-01 through Finding 2005-02 to be material weaknesses.

MARVIN A. JUNEAU, C.P.A.
H. FRED RANDOW, C.P.A.
ERNEST F. SASSER, C.P.A.

ROBERT L. LITTON, C.P.A.
ROBERT W. DYDRAK, C.P.A.
REBECCA B. MORRIS, C.P.A.

MICHAEL A. JUNEAU, C.P.A.
JAMES N. BALLARD, C.P.A.
L. PAUL HOOD, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor and City Council
City of Alexandria, Louisiana

We also noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Alexandria, Louisiana, in a separate letter, entitled *Other Comments and Recommendations*, dated September 13, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as Finding 2005-04 through Finding 2005-09.

This report is intended solely for the information and use of the Mayor, members of the City Council, management of the City of Alexandria, Louisiana, federal awarding agencies, pass-through entities, and the Legislative Auditor's office of the State of Louisiana. This report is not intended to be, and should not be, used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is in fact a public document.

Payne, Moore & Herrington, LLP
Certified Public Accountants

September 13, 2005

**Report on Compliance with Requirements Applicable to
Each Major Program and Internal Control Over Compliance
in Accordance with OMB Circular A-133**



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**Report on Compliance with Requirements Applicable to
Each Major Program and Internal Control Over Compliance
in Accordance with OMB Circular A-133**

The Honorable Mayor and City Council
City of Alexandria, Louisiana

Compliance

We have audited the compliance of the City of Alexandria, Louisiana, with the types of compliance requirements described in the *U.S. Office Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended April 30, 2005. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of management of the City of Alexandria, Louisiana. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Alexandria, Louisiana's compliance with those requirements.

In our opinion, City of Alexandria, Louisiana, complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2005.

MARVIN A. JUNEAU, C.P.A.
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PAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor and City Council
City of Alexandria, Louisiana

Internal Control Over Compliance

The management of City of Alexandria, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Alexandria, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor, members of the City Council, management of the City of Alexandria, Louisiana, federal awarding agencies, pass-through entities, and the Legislative Auditor's office of the State of Louisiana. This report is not intended to be, and should not be, used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is in fact a public document.

Payne, Moore & Herrington, LLP
Certified Public Accountants

September 13, 2005

**City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2005**

Part I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> X </u>	Yes	<u> </u> No
Reportable condition(s) identified not considered to be material weaknesses?	<u> X </u>	Yes	<u> </u> None reported
Noncompliance material to the financial statements?	<u> X </u>	Yes	<u> </u> No

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	<u> </u>	Yes	<u> X </u> No
Reportable condition(s) identified not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u> None reported
Type of auditor's report issued on compliance for major programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	<u> </u>	Yes	<u> X </u> No
Identification of major programs:			
CFDA # 11.300 Grants for Public Works and Economic Development Facilities			
CFDA # 14.218 Community Development Block Grants/Entitlement Grants			
CFDA # 20.507 Federal Transit Formula Grants			
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000		
Auditee qualified as a low-risk auditee?	<u> </u>	Yes	<u> X </u> No

**City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2005**

**Part II - Findings Relating to the Financial Statements which are
Required to be Reported Under Government Auditing Standards**

Finding 2005-01

Accounting for Grant Funds

Criteria: The objectives of internal controls are to provide management with reasonable assurance that assets are safeguarded against loss and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition: During the current period several capital projects and capital expenditures of the Municipal Bus Fund were funded or partially funded with federal and/or state grants. We noted two separate instances in which reimbursement requests were either not filed or not timely filed with the grantor agencies.

Cause: Accounting personnel do not have sufficient knowledge of some projects to competently record and request the reimbursements. There also appears to be a lack of communication between the accounting department and the departments responsible for administering the grants and responsible for filing the reimbursement requests.

Recommendations: All pertinent information should be communicated to the accounting department to ensure that adequate data is available to understand the funding aspects of projects. Procedures should be established on each ongoing project to provide periodic review and to determine that reimbursements are timely filed. Procedures should also be established to ensure that the related receivables are recorded in the general ledger and that the reimbursements are timely received.

Management's Response: See Management's Corrective Action Plan.

Finding 2005-02

Youth Baseball Fund

Criteria: The objectives of internal controls are to provide management with reasonable assurance that assets are safeguarded against loss and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition: The Youth Baseball Fund has deficit operations for the current year of \$6,886 compared to a prior year profit of \$10,101. Gross profit from concession sales decreased from 25.85% in the prior year to 14.47% in the current year. Management was unable to adequately account for these variances. Volunteer personnel perform all functions relating to cash receipts and disbursements. Accounting by the City is primarily from the monthly bank statement to record deposits and disbursements. Management indicated that some disbursements might have been made from concession receipts resulting in some income and expenditures not being recorded in the general ledger of the City.

Recommendation: We recommend that management prepare written policies and procedures for volunteers to follow relating to cash receipts and disbursements. Management should compare, at least monthly, the expected gross profit percentage to actual gross profit percentage. Any unexpected variances should be immediately investigated.

Management's Response: See Management's Corrective Action Plan.

**City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2005**

**Part II - Findings Relating to the Financial Statements which are
Required to be Reported Under Government Auditing Standards**

Finding 2005-03

NSF Checks Receivable Subsidiary

Criteria: The objectives of internal controls are to provide management with reasonable assurance that assets are safeguarded against loss and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition: At year-end the subsidiary listing for NSF checks receivable showed a balance of \$8,980 while the general ledger control account showed a balance of \$29,493. No reconciliation of the subsidiary to the general ledger control account was done during the year.

Recommendation: The subsidiary listing for NSF checks should be reconciled to the general ledger control account on a regular basis to ensure proper collection and recording of these items.

Management's Response: See Management's Corrective Action Plan.

Finding 2005-04

Compliance With Public Bid Law

Criteria: It is our understanding that Louisiana Revised Statutes governing public bid law (LSA RS 38:2211, etc.) provides, in part, that bids will be awarded to the lowest responsible bidder. Any deviations in price or specification must be in accordance with the bid specifications or subsequent contract.

Condition: The City accepted the low bid for the purchase of a garbage compactor for \$37,600. The actual amount paid for the compactor was \$39,387, which was \$1,787 more than the bid price. The addition was due to a steel surcharge assessed by the manufacturer. No provision for the steel surcharge was included in the bid specifications or the contract. Discussion with the City Attorney indicated that the payment of the steel surcharge is a violation of state bid law.

Cause: Purchasing department personnel believed that the payment of the steel surcharge was allowable.

Recommendation: The City should require the vendor to refund the \$1,787 surcharge. Any future discrepancies between the bid amount and the invoiced amount should be reviewed and approved by the City Attorney prior to payment.

Management's Response: See Management's Corrective Action Plan.

**City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2005**

**Part II - Findings Relating to the Financial Statements which are
Required to be Reported Under Government Auditing Standards**

Finding 2005-05

Collection of Delinquent Utility Account

Criteria: It is our understanding that Article 7, Section 14 provides, in part, that things of value may not be loaned pledged or donated to or for any person, association, or corporation, public or private. We understand that failure to attempt to collect delinquent utility accounts may be considered to be a violation of this provision.

Condition: Prior year Finding 2004-04 included a finding that one not-for-profit organization received utility service for over one year with no payments made on the account. This account was terminated in February 2005. The unpaid balance on this account at April 30, 2005 was \$15,709. As part of a cooperative endeavor agreement with the entity, subsequent to February 2005, the City pays the utilities. However, the City Attorney informed us that the entity was required to pay the \$15,709 representing the balance due on the old account. We were unable to determine what, if any, collection efforts were made to collect the balance.

Cause: An apparent lack of communications between the utility billings and collections office and the City Attorney's office resulted in neither office attempting to collect the past due amount.

Recommendation: We recommend that an attempt be made to collect this past due amount. We also recommend that in any future such situations that there be regular communications of the status of collection efforts between the billing and collection office and the City Attorney's office.

Management's Response: See Management's Corrective Action Plan.

Finding 2005-06

Unapproved Salary Increase

Condition: In prior year finding 2004-08, we reported that effective September 13, 2003, an unclassified employee was granted a salary increase at the direction of the mayor. The increase was subject to approval by the council and the appropriate budget amendment; neither of which occurred. Effective with the pay period of February 20, 2004, the employee was directed to pay back the increase and the salary was adjusted back to the pre-raise amount. During the year ended April 30, 2005, an agreement was reached with the employee for repayment of the excess salary through payroll withholdings. However, subsequent to April 30, 2005, the employee was placed on unpaid administrative leave.

Recommendation: We recommend that the City Attorney continue to monitor the situation and take appropriate action to ensure that the City is repaid the remaining balance due.

Management's Response: See Management's Corrective Action Plan.

**City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2005**

**Part II - Findings Relating to the Financial Statements which are
Required to be Reported Under *Government Auditing Standards***

Finding 2005-07

Advance Payments to Vendors

Condition: Our tests of disbursements located instances in which two vendors received payment in advance of services being rendered. The City Attorney informed us that in his research he could find no evidence of the ability to make advance payments.

Recommendations: We recommend that advance payments not be made.

Management's Response: See Management's Corrective Action Plan.

Finding 2005-08

Utility Office Receipts

Condition: City personnel discovered discrepancies in certain bank deposits of the utility customer service office during the period from December 1, 2003 through January 30, 2004, while performing routine reconciliations. The discrepancies were reported to all proper authorities including the Legislative Auditor's Office and the Rapides Parish District Attorney. The City subsequently received a judgment against a former employee of the utility customer service office for \$4,971 and is attempting to collect on the judgment.

Recommendations: None required.

Management's Response: See Management's Corrective Action Plan.

Finding 2005-09

Possible Payroll Fraud

Condition: Management received allegations that two employees were using City time for personal business. The City hired a private investigator to investigate the allegations. The results of this investigation were turned over to the Rapides Parish District Attorney to determine if charges will be brought against the two employees.

Recommendations: The results of the investigation should be reported to the Office of the Legislative Auditor of the State of Louisiana.

**City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2005**

Part III - Findings and Questioned Costs for Federal Awards

None reported.

Other Comments and Recommendations



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Other Comments and Recommendations

The Mayor and City Council
City of Alexandria, Louisiana

In planning and performing our audit of the basic financial statements of the City of Alexandria, Louisiana, as of and for the year ended April 30, 2005, we considered the City's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls, operating efficiency, and compliance. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report, dated September 13, 2005 contains our report on reportable conditions on the City's internal control. This letter does not affect our report, dated September 13, 2005 on the basic financial statements of the City of Alexandria, Louisiana.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with management personnel, and we will be pleased to discuss them in detail at your convenience.

Payne, Moore & Herrington, LLP
Certified Public Accountants

September 13, 2005

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Memorandum of Other Comments and Recommendations

Finding 2005-10

Joint Agreement

Condition: We located an instance in which we were informed that a verbal agreement was entered into between the City and a landowner for the landowner to pay for his share of development costs of a project that jointly benefited the City and the landowner.

Recommendation: We recommend that any such future agreements be written to protect the interests of the City and to document the costs to be paid by the landowner.

Management's Response: See Management's Corrective Action Plan.

Finding 2005-11

Animal Shelter

Condition: In February 2005, we entered an agreed-upon procedures engagement with the City to test certain internal controls at the animal shelter. Based, in part, on the results of those procedures, management determined that additional controls were necessary. The status of implementing these new controls is as follows:

- Beginning in May 2005, the animal shelter began using new prenumbered tickets to account for animals. A log is maintained of all ticket books issued. All ticket numbers can be tracked sequentially in this log.
- There are as yet no changes to the computer system. The Information Systems department is developing improvements to the software.
- Any donations received by the animal shelter are now being included in the prenumbered receipt book. Such donations are listed on a separate cash recap form for reconciliation to total receipts and deposits. The cash recap is provided to the accounting department to verify general ledger coding. The cash receipts are processed through the business office.

Recommendation: We recommend that the new software be developed and implemented as soon as possible.

Management's Response: See Management's Corrective Action Plan.

Finding 2005-12

Lease Agreements

Condition: On January 11, 2000, the City entered into a proposal between Community Receiving Homes, Inc. and the City of Alexandria concerning the leasing of 74.92 acres of land adjacent to the intersection of LA Hwy 28 West and LA Hwy 3504 in Rapides Parish, Louisiana. The terms of the proposal provided in part for the following:

- A) The City of Alexandria agrees to lease from Community Receiving Homes, Inc. the front 16.47 acres bordering LA Hwy 28 West for the sum no less than \$100.00 annually per acre, or one thousand six hundred forty-seven and no/100 dollars (\$1,647.00) annually. Term of the lease to be 50 years from date of inception, beginning January 1, 2000.
- B) The City of Alexandria agrees to lease from Community Receiving Homes, Inc. the remaining 58.45 acres for a sum not less than \$100.00 per acre annually, or five thousand eight hundred forty-five and no/100 dollars (\$5,845.00) annually. Term of the lease to be 5 years from date of inception beginning January 1, 2000.

Memorandum of Other Comments and Recommendations

We were informed by management that actual lease agreements have not been formally entered into and the current proposal agreement continues to be in effect. Substantial improvements consisting of the Johnny Down Sports Complex were constructed on this property.

Recommendation: We recommend that the City Attorney review this matter and advise management and the Council of the correct procedures to remedy this situation.

Management's Response: See Management's Corrective Action Plan.

Special Letter
Re: Resolution Number 2341-1982
Requirement of Specific Recommendations



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Mayor and City Council
City of Alexandria, Louisiana

RE: Resolution Number 2341-1982
Requirement of specific
recommendations

In accordance with Resolution Number 2341-1982, "a resolution relative to the fulfillment of commitments of the City of Alexandria relative to the Combined Utilities System", as engaged independent certified public accountants, we are requested to include specific recommendations to ensure that the City and the Combined Utilities System generate sufficient revenues to pay operation and maintenance expenses of the Combined Utilities System and debt service on outstanding revenue bonds payable from such revenue, and to make all budgeted transfers to other funds of the City. During the current year, the City fulfilled each of these commitments.

For future periods, the City should continue to accomplish the following steps:

- 1) Prepare and approve an annual operating budget of the Combined Utilities System based upon the best criteria of revenue and expense estimates that can be reasonably developed.
- 2) Provide for budgetary control on a line item basis and monitor budget variances on a current basis. Amendments should be addressed for any unusual exceptions as they are encountered.
- 3) Provide projected monthly cash flow schedules with comparisons to actual, prior, and current amounts. Any unusual variances should be investigated.
- 4) Maintain current and accurate accounting records relative to financial activity of the system.
- 5) Reconcile subsidiary ledgers to appropriate general ledger control accounts on a current basis.

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PAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor and City Council
City of Alexandria, Louisiana

- 6) Provide for a complete review of the accounting trial balance and underlying transactions on a current basis for obvious posting errors. Investigate and/or correct unusual items as needed.
- 7) Update utility rate studies as practical and adjust rates as necessary to provide adequate revenues to meet budgeted needs.
- 8) Implement other recommendations, if any, relative to the Combined Utilities System as noted in our accompanying schedule of findings and questioned costs.

Payne, Moore & Herrington, LLP
Certified Public Accountants

September 13, 2005

Management's Corrective Action Plan

**City of Alexandria, Louisiana
Management's Corrective Action Plan
Year Ended April 30, 2005**

Section I: Findings Relating to the Financial Statements Which are Required to be Reported Under Government Auditing Standards	
Finding 2005-01	<u>ACCOUNTING FOR GRANT FUNDS</u>
Response	The accounting department has established a procedure to make sure that a copy of pertinent information is sent to the department responsible for filing and accounting for grants. No grant funds were lost due to these two incidents.
Finding 2005-02	<u>YOUTH BASEBALL FUND</u>
Response	The Youth Baseball Fund was established to account for a payment made each year to partially fund operations of the youth baseball program. City of Alexandria accounting department personnel have no role in the management of the ballparks or the concession stands. Management does not set pricing of concessions or manage the associated costs of sales. We simply provide an accounting of revenues and expenditures based on bank records. The policies and procedures are a function of the group contracted to provide concession services. Management has no plans to become involved in the day to day operation of the concession facility at the baseball fields.
Finding 2005-03	<u>NSF CHECKS RECIEVABLE SUBSIDIARY</u>
Response	Tracking NSF checks through the system is a difficult task. Reconciliation of NSF check subsidiary to the General Ledger will be completed each month by the accounting department personnel.
Finding 2005-04	<u>COMPLIANCE WITH PUBLIC BID LAW</u>
Response	The purchasing department does an excellent job in ensuring that we are in compliance with the applicable bid laws. The length of time between bid and purchase date and the rapidly escalating price of steel had vendors using steel surcharge amounts to recoup their price increases. At the time, the 4.7% (\$1,787) surcharge was questioned and found to be in line with other vendors. These escalations are allowed by state law. This case had several abnormalities and revealed that we had some contradictory terms in our bid documents. These terms have been changed to better set forth the terms required by the City and State laws.
Finding 2005-05	<u>COLLECTION OF DELINQUENT UTILITY ACCOUNT</u>
Response	Collection of this account is being pursued through the new local director.

**City of Alexandria, Louisiana
Management's Corrective Action Plan
Year Ended April 30, 2005**

**Section II:
Other Comments and Recommendations
(Management Letter)**

Finding 2005-06	<u>UNAPPROVED SALARY INCREASE</u>
Response	Counsel has been retained to pursue collection of this balance.
Finding 2005-07	<u>ADVANCE PAYMENTS TO VENDORS</u>
Response	The vendors in question have been notified of the change and payments are no longer made in advance of service being provided.
Finding 2005-08	<u>UTILITY OFFICE RECEIPTS</u>
Response	A judgment has been issued and collection is being pursued.
Finding 2005-09	<u>POSSIBLE PAYROLL FRAUD</u>
Response	This matter has been turned over to the District Attorney. A copy of the report will be sent to the Legislative Auditor.

**Section II:
Other Comments and Recommendations**

Finding 2005-10	<u>JOINT AGREEMENT</u>
Response	A committee is being established to review all agreements dealing with sharing of project costs between landowners and the City of Alexandria to ensure that the interest of the public are protected.
Finding 2005-11	<u>ANIMAL SHELTER</u>
Response	As stated in the finding, new policies and procedures have been implemented to provide better tracking of animals through the animal shelter. The recommended changes to the accounting procedure for receipts taken at the shelter have been implemented as well. Changes to the software are being done on an ongoing basis as areas for improvement are identified.

**CITY OF ALEXANDRIA, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED APRIL 30, 2005**

**SECTION II:
OTHER COMMENTS AND RECOMMENDATIONS**

Finding 2005-10	JOINT AGREEMENT
Response	A committee is being established to review all agreements dealing with sharing of project costs between landowners and the City of Alexandria to ensure that the interest of the public are protected.
Finding 2005-11	ANIMAL SHELTER
Response	As stated in the finding, new policies and procedures have been implemented to provide better tracking of animals through the animal shelter. The recommended changes to the accounting procedure for receipts taken at the shelter have been implemented as well. Changes to the software are being done on an ongoing basis as areas for improvement are identified.
Finding 2005-12	LEASE AGREEMENT
Response	The city attorney is currently pursuing a formal agreement to extend the lease term on the portion of the property that was under a five year lease.

Management's Schedule of Prior Year Findings

City of Alexandria, Louisiana
Management's Schedule of Prior Year Findings
For the Year Ended April 30, 2005

Section I:		
Internal Control And Compliance Material to the Financial Statements		
Finding 2004-01	Bond Indenture Compliance	Resolved.
Finding 2004-02	Reconciliation of Ad Valorem Taxes	Resolved.
Finding 2004-03	Accounting for State Grant Funds	Not Resolved. See 2005-01
Finding 2004-04	Delinquent Customer Utility Accounts	Partially Resolved. See 2005-05
Finding 2004-05	Utilities System Reconciliations	Resolved.
Finding 2004-06	Accounting for Miscellaneous Receipts	Resolved.
Finding 2004-07	Accounting for Annual Leave	Resolved
Finding 2004-08	Approval of Salary Increases	Partially Resolved. See 2005-06
Section II:		
Internal Control and Compliance Material to Federal Awards		
	None reported.	
Section III:		
Other Comments and Recommendations (Management Letter)		
Finding 2004-09	Consumption on Inactive Customer Utility Accounts	Resolved.